

Financial Report

The Work Connection, Inc.

Houma, Louisiana

June 30, 2023

Financial Report

The Work Connection, Inc.

Houma, Louisiana

June 30, 2023

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The Work Connection, Inc. Houma, Louisiana

June 30, 2023 and 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of The Work Connection, Inc. (the “Organization”), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and the changes in 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 the Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information of the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer for the year end June 30, 2023 is presented for the purpose of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3). The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and our report dated December 17, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2023 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
November 22, 2023.

STATEMENT OF FINANCIAL POSITION**The Work Connection, Inc.**
Houma, LouisianaJune 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 28,009	\$ 58,577
Grants receivable	50,469	68,899
Long-term receivable	9,260	8,211
Prepaid expense	489	181
Property and equipment, net	33,857	51,650
Operating right of use asset, net	74,050	-
Total assets	<u>\$ 196,134</u>	<u>\$ 187,518</u>
Liabilities		
Accounts payable and accrued expenses	\$ 57,937	\$ 99,535
Compensated absences payable	9,260	8,211
Operating lease liability	74,050	-
Total liabilities	<u>141,247</u>	<u>107,746</u>
Net Assets		
Without donor restrictions	21,030	28,122
With donor restrictions	33,857	51,650
Total net assets	<u>54,887</u>	<u>79,772</u>
Total liabilities and net assets	<u>\$ 196,134</u>	<u>\$ 187,518</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**The Work Connection, Inc.**

Houma, Louisiana

For the year ended June 30, 2023
(with comparative totals for 2022)

	2023		Totals	2022 Totals
	Without Donor Restrictions	With Donor Restrictions		
Revenues, Gains, and Other Support				
Government grants	\$ 1,522,897	\$ -	\$ 1,522,897	\$ 1,134,943
Insurance proceeds	-	-	-	56,891
Net assets released from restrictions:				
Satisfaction of use restrictions	17,793	(17,793)	-	-
	<u>1,540,690</u>	<u>(17,793)</u>	<u>1,522,897</u>	<u>1,191,834</u>
Total revenues, gains, and other support				
	<u>1,540,690</u>	<u>(17,793)</u>	<u>1,522,897</u>	<u>1,191,834</u>
Expenses				
Program services:				
Adult	707,638	-	707,638	524,977
Dislocated workers	365,140	-	365,140	275,003
Youth	468,511	-	468,511	353,143
Supportive services:				
Administration	6,493	-	6,493	23,262
	<u>1,547,782</u>	<u>-</u>	<u>1,547,782</u>	<u>1,176,385</u>
Total expenses				
	<u>1,547,782</u>	<u>-</u>	<u>1,547,782</u>	<u>1,176,385</u>
Increase (Decrease) in Net Assets	(7,092)	(17,793)	(24,885)	15,449
Net Assets				
Beginning of year	28,122	51,650	79,772	64,323
End of year	<u>\$ 21,030</u>	<u>\$ 33,857</u>	<u>\$ 54,887</u>	<u>\$ 79,772</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**The Work Connection, Inc.**
Houma, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

	2023				Totals	2022 Totals
	Program		Youth	Supporting		
	Adult	Dislocated Workers		Services Administration		
Salaries	\$ 242,747	\$ 213,786	\$ 172,527	\$ -	\$ 629,060	\$ 526,086
Payroll taxes	18,258	16,105	13,048	-	47,411	39,261
Retirement	7,069	7,549	6,468	-	21,086	18,462
Employee benefits	26,562	29,482	27,898	-	83,942	64,909
Total salaries and related expenses	294,636	266,922	219,941	-	781,499	648,718
Advertising and public relations	2,130	3,130	2,284	-	7,544	15,751
Contract services	6,578	-	5,218	-	11,796	17,935
Depreciation	4,449	8,896	4,448	-	17,793	18,180
Equipment repairs and maintenance	6,935	6,570	5,605	-	19,110	12,299
Insurance	9,307	8,617	8,692	-	26,616	31,926
Membership dues and subscriptions	351	274	301	-	926	1,647
Miscellaneous	(123)	1,781	1,122	6,493	9,273	39,592
Postage and shipping	310	500	117	-	927	448
Professional fees	14,107	1,400	3,836	-	19,343	12,661
Participant tuition	294,194	16,330	157,497	-	468,021	242,564
Other participant supportive services	21,845	172	13,153	-	35,170	23,514
Rent	30,141	29,661	27,657	-	87,459	36,714
Supplies	13,721	11,952	10,678	-	36,351	51,569
Telephone	3,263	4,999	3,685	-	11,947	20,112
Travel, meals, and lodging	343	262	256	-	861	-
Utilities	5,451	3,674	4,021	-	13,146	2,755
Totals	\$ 707,638	\$ 365,140	\$ 468,511	\$ 6,493	\$ 1,547,782	\$ 1,176,385

See notes to financial statements.

STATEMENT OF CASH FLOWS**The Work Connection, Inc.**
Houma, LouisianaFor the year ended June 30, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	<u>\$ (24,885)</u>	<u>\$ 15,449</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,793	18,180
(Increase) decrease in assets:		
Grants receivable	18,430	8,940
Miscellaneous receivables	-	1,513
Prepaid expense	(308)	(181)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(41,598)</u>	<u>43,013</u>
Total adjustments	<u>(5,683)</u>	<u>71,465</u>
Net cash provided by (used in) operating activities	(30,568)	86,914
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>-</u>	<u>(51,573)</u>
Net Increase (Decrease) Increase in Cash	(30,568)	35,341
Cash		
Beginning of year	<u>58,577</u>	<u>23,236</u>
End of year	<u><u>\$ 28,009</u></u>	<u><u>\$ 58,577</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**The Work Connection, Inc.**

Houma, Louisiana

June 30, 2023 and 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Organization**

The Work Connection, Inc. (the "Organization") was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Innovation and Opportunity Act (WIOA), which superseded and reauthorized the Workforce Investment Act, the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Development Board (the LAT). The Organization is funded by the LAT as a subrecipient of WIOA grants.

b) Financial Statement Presentation

The Organization classifies their net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for general operations

Net Assets with Donor Restrictions - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are held in perpetuity by the Organization.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2023 and 2022.

f) Allowance for Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Uncollectible receivables are considered immaterial to the financial statements as of June 30, 2023 and 2022.

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Workforce Commission (LWC). These assets are considered restricted net assets. All property and equipment is ultimately the property of LWC, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the years ended June 30, 2023 and 2022 was \$17,793 and \$18,180, respectively.

h) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six months' employment and satisfactory completion of their initial probationary period.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Compensated Absences (Continued)

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The related reimbursement is recognized as long-term receivable at the time the liability is incurred.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 120 hours prior to July 1, 2011 and 48 hours after. In no instance shall any employee receive wages for sick leave upon termination of employment, accordingly, accumulated sick leave is not accrued in the financial statements.

i) Methods Used for Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits which are allocated on the basis of estimates of time and effort.

j) Advertising and Public Relations

The Organization's policy is to expense advertising and public relations cost as incurred. For the years ended June 30, 2023 and 2022, total advertising and public relations expense was \$7,544 and \$15,751 respectively.

k) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2023, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) Recent Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, “*Leases*” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The adoption of this standard was retrospectively applied to the financial statements.

In November 2021, the FASB issued ASU No. 2021-09, “*Leases*” (Topic 842) “*Discount Rate for Lessees That Are Not Public Business Entities*” (ASU No. 2021-09). This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free election by class of the underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free election. The adoption of this standard was retrospectively applied to the financial statements.

The key change upon adoption of the standard was the recognition of operating leases on the Statement of Financial Position, given that the recognition of lease expense on the Statement of Activities is similar to the Organization’s historical accounting. The Organization elected the practical expedients permitted under the transition guidance within the new standard, which, among other things, allowed the Organization to carry forward the historical lease classification. Leases with original terms of one year or less were excluded. Additionally, the Organization elected not to separate lease and non-lease components for certain assets.

The adoption of ASC 842 resulted in the recognition of a right-of-use asset as of June 30, 2023 of \$74,050, and a lease liability of \$74,050.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Recent Accounting Pronouncements (Continued)

Leases (Continued)

The impact of adopting the new guidance is as follows:

	Amounts that Were Reported Under Former Guidance	Effects of Applying New Guidance	Amounts That Will Be Reported Under New Guidance
Assets			
Right-of-use asset	\$ -	\$ 74,050	\$ 74,050
Liabilities			
Lease liability	\$ -	\$ 74,050	\$ 74,050

Note 2 - PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consists of the following:

	2023	2022
Transportation equipment	\$ 122,730	\$ 122,730
Office furniture and equipment	90,458	90,458
	213,188	213,188
Less: accumulated depreciation	(179,331)	(161,538)
Property and equipment, net	\$ 33,857	\$ 51,650

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of June 30, 2023 and 2022 are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure of specified purpose:		
Property and equipment	\$ 33,857	\$ 51,650

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions during the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Purpose restriction satisfied:		
Property and equipment	\$17,793	\$18,180

Note 4 - AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by grants. The Organization may also be supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions related to managing short-term cash and grant reimbursement requests in a prudent manner.

The following reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of donor-imposed restrictions:

	2023	2022
Financial assets:		
Cash	\$28,009	\$ 58,577
Grants receivable	50,469	68,899
Total financial assets	78,478	127,476
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$78,478	\$127,476

Note 5 - LEASE COMMITMENTS

The Organization entered into a lease for office space. The lease term is for two years and began on June 10, 2022 with monthly payments of \$6,900. The Organization has elected the option to use the risk free rate of 4.96%.

Reported under Topic 842 for the year ended June 30, 2023 are as follows:

Lease Cost	
Operating lease costs	<u>\$ 82,800</u>
 Cash Flow Items	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 82,800</u>
Right-of-use assets obtained in exchange for lease liabilities:	
Operating lease	<u>\$ -</u>
Operating lease obligations	<u>\$ -</u>
 Weighted-Average Information	
Weighted-average remaining lease in years	1
Weighted-average discount rate:	4.96%
 Future Minimum Lease Payments	
	<u>Year Ending June 30,</u>
	<u>2024</u>
	<u>Amounts</u>
Total lease payments	75,900
Less amounts representing interest	<u>(1,850)</u>
Present value of lease liability	74,050
Less current maturities	<u>(74,050)</u>
Long-term lease obligation	<u>\$ -</u>

Note 6 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal Department of Labor and is paid as pass-through grants from the LWC and the LAT. The Organization signed a contract with the LAT which required grant budgets in the amounts of \$2,984,155 and \$3,451,756 for the years ended June 30, 2023 and 2022, respectively. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 7 - ECONOMIC DEPENDENCY

As described in Note 1a, the Organization receives its revenue from Federal grant funding passed through the LWC and the LAT. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 8 - RETIREMENT PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute to any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the years ended June 30, 2023 and 2022 were \$21,086 and \$18,462, respectively.

Note 9 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2023.

Note 9 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through November 22, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

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

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

Agency Head Name: Lorey Owens, Executive Director

Purpose

Salary	\$ 61,112
Benefits - insurance	6,451
Benefits - retirement	3,392
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ 70,955</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
The Work Connection, Inc.,
Houma, 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 The Work Connection, Inc. (the “Organization”), which comprise the statement of financial position as of and for the year ended June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 over financial reporting 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suited for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 22, 2023.

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

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Work Connection, Inc.’s, (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2023. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion in the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 22, 2023.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
Department of Labor				
<u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>LAT Workforce Investment Board, Inc.</u>				
<u>WIOA Cluster:</u>				
WIOA Adult Program	17.258	OCR #474-000559	\$ 703,189	\$ -
WIOA Youth Activities	17.259	OCR #474-000559	464,063	-
WIOA Dislocated Workers	17.278	OCR #474-000559	356,244	-
Total expenditures of federal awards			<u>\$ 1,523,496</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards.

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

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2023 reconciles to the Organization's financial statements for the year ended June 30, 2023 as follows:

Total federal expenditures	\$ 1,523,496
Add:	
Depreciation	17,793
Non federal expenditures	<u>6,493</u>
Total expenditures	<u>\$ 1,547,782</u>

Section I - Summary of Auditor's Report (Continued)

c) Identification of Major Programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program</u>
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2023.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2023.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2022.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2022.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2022.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2022.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2022.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2023.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2023.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2023.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2023.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2023.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2022 through June 30, 2023. The Work Connection, Inc. (the “Organization”) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
November 22, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2023

The required procedures and our findings are as follows:

1) Procedures Performed on the Organization's Written Policies and Procedures:

- A. Obtain and inspect the Organization's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:
- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - ii. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing.
Exceptions: There was an exception noted due to the policy lacking a provision on how vendors are added to the vendor list.
 - iii. Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or Organization fund additions.
Performance: Obtained and read the written policy for receipts.
Exceptions: There were exceptions noted due to the policy lacking provisions for recording, preparing deposits, and management's action to determine completeness of all collections.

**1) Procedures Performed on the Organization's Written Policies and Procedures:
(Continued)**

- v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Obtained and read the written policy for payroll and personnel.

Exceptions: There was an exception noted due to the policy lacking a provision on the approval process for employee rate of pay or approval and maintenance of pay rate schedules.

- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Performance: Obtained and read the purchasing handbook for contracting.

Exceptions: There were exceptions noted due to the policy lacking provisions on types of services requiring written contracts, standard terms and conditions, and legal review.

- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- viii. 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).

Performance: Obtained and read the written policy for credit cards.

Exceptions: There were no exceptions noted.

- ix. 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 Organization's ethics policy.

Performance: Obtained and read the written policy for ethics.

Exceptions: There were exceptions noted due to the policy lacking provisions for the prohibitions in Louisiana Revised Statute 42:1111-1121, a system to monitor possible ethics violations, and a requirement that all employees and officials annually attest that they have read the Organization's ethics policy.

**1) Procedures Performed on the Organization's Written Policies and Procedures:
(Continued)**

x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Debt service is not applicable to non-profit entities.

xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired of management regarding the Organization's information technology disaster recovery/business continuity policy.

Exceptions: There were exceptions noted due to the Organization lacking this policy during the fiscal period.

xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read the written policy for sexual harassment.

Exceptions: The policy does not include provisions for agency responsibilities and prohibitions, annual employee training, and annual reporting.

2) Procedures Performed on the Organization's Board:

A. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

i. Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The Board met with a quorum for each meeting.

Exceptions: There were no exceptions noted.

ii. For those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Performance: Obtained and read the written minutes and observed that the minutes referenced or included financial activity relating to public funds.

Exceptions: There were no exceptions noted.

2) Procedures Performed on the Organization's Board: (Continued)

- iii. 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 unrestricted fund balance in the general fund.

Performance: The Organization is a non-profit and as such reports net assets with and without donor restrictions. Both net asset categories had positive ending balances.

Exceptions: There were no exceptions noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Obtained and read the written minutes of the Board meetings. There were no audit findings in the prior year.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Organization's Bank Reconciliations:

- A. Obtain a listing of the Organization's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the Organization's main operating account and 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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of June for the main operating bank account and one additional account. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- ii. Bank reconciliations include evidence that a member of management who does not manage cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Examined the Organization's June reviewed bank reconciliations for the two bank accounts selected.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Organization's Bank Reconciliations: (Continued)

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Performance: Inspected documents for items outstanding for more than 12 months.

We noted no checks outstanding greater than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter. The Organization only has one deposit site.

Exceptions: There were no exceptions noted.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter. The Organization has one collection location.

Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)

iii. 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.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Obtained a copy of the insurance policy for theft and a listing of all employees covered by the policy. The policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

D. Randomly select two deposit dates for each of the Organization's 3 bank accounts selected for bank reconciliation procedures #3A. Obtain supporting documentation for each of the deposits selected and:

i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter. The Organization only has one location that processes payments.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the Organization has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees/contractors involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed that at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. At least two employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees/contractors involved in processing and approving payments to vendors. Observed at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

- iii. The employee responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Obtained a listing of employees/contractors involved in processing payments to vendors. Inquired of management if any employees involved are adding/modifying vendor files. Also, examined non-payroll disbursement policy which documented that the person responsible for processing payments does not add/modify vendor files.

Exceptions: There was an exception noted due to the Accountant both processing payments and modifying vendor files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Obtained a listing of employees/contractors involved with signing and mailing checks and noted the proper segregation of duties.

Exceptions: There were no exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other means.

Performance: Obtained a listing of employees authorized to sign checks and noted they are the only ones authorized to approve electronic disbursements.

Exceptions: There were no exceptions noted.

- C. For each location selected under procedure #5A, obtain the Organization'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:

Performance: Obtained the Organization's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected 5 disbursements.

Exceptions: There were no exceptions noted.

**5) Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):
(Continued)**

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Organization.

Performance: Observed the 5 disbursements matched the related original invoice and documentation. Also, examined documentation confirming deliverables were received.

Exceptions: There were no exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Organization's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Organization's policy, and (b) approved by the required number of authorized signers per the Organization's policy.

Performance: Observed that selected disbursements were approved by authorized persons and required number of signers.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

- A. 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.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards from management and management's representation that the listing is complete. Observed all active cards, including the card numbers and the names of the persons who maintain possession of the cards.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards: (Continued)

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

- ii. Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed finance charges and/or late fees were not assessed on the selected statements.

Exceptions: There were no exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, 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, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed if the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: Observed the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: Inspected the transactions from the monthly statements, and they did not have any individuals participating in meals.

Exceptions: There were no exceptions noted.

7) Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Inquired of management, observed, and obtained management's representation in a separate letter that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

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

Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1A(vii)).

Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

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

Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

8) Procedures Performed on the Organization's Contracts:

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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:

Performance: Obtained 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 and management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Observed whether the contracts selected were bid in accordance with the Louisiana Public Bid Law. All contracts selected were for rent; Louisiana Public Bid law was not applicable.

Exceptions: There were no exceptions noted.

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

Performance: Inspected board meeting minutes and confirmed the Board of Directors approved the contracts.

Exceptions: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (i.e., if approval is required for any amendment, the documented approval).

Performance: Observed the contracts selected and noted no amendments.

Exceptions: There were no exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected payments for each of the contracts, obtained supporting invoices, agreed invoiced to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

9) Procedures Performed on the Organization's Payroll and Personnel:

- A. Obtain a listing of employees/officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained the listing of employees and their related salaries from management and management's representations that the listing is complete.

Exceptions: There were no exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Obtained management's representation of the timely filing of payroll forms and timely payments and selected one pay period to test leave taken during that period. Inspected all daily attendance and leave record for proper documentation.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: There were no exceptions noted.

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

Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Performance: Inspected and agreed the rate paid to employees to the authorized pay rate in the personnel files.

Exceptions: There were no exceptions noted.

9) Procedures Performed on the Organization's Payroll and Personnel: (Continued)

- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Organization's policy.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. There was one employee terminated. Agreed the hours to the employee's cumulative leave records, agreed the pay rates to the employee's authorized rates in the employee's personnel file and agreed the termination payment to the Organization's policy for the employee.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Obtained management's representation of the timely filing of payroll forms and timely payments and inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Organization's Ethics:

- A. Using the 5 selected employees/officials from procedure #9 under "Procedures Performed on the Organization's Payroll and Personnel", obtain ethics compliance documentation from management and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.

Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.

Exceptions: There were no exceptions noted.

- ii. Observe whether the Organization maintains documentation which demonstrates each employee and official were notified of any changes to the Organization's ethics policy during the fiscal period, as applicable.

Performance: There were no changes to the ethics policy during the year.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Organization's Ethics: (Continued)

- B. Inquire and/or observe whether the Organization has appointed an ethics designee as required by R.S. 42:1170.

Performance: We inquired and received representation as to whether the Organization appointed an ethics designee.

Exceptions: There were no exceptions noted.

11) Procedures Performed on the Organization's Debt Service:

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Performance: Debt Service is not applicable for non-profit organizations.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Debt Service is not applicable for non-profit organizations.

12) Procedures Performed on the Organization's Fraud Notice:

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Organization is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- B. Observe the Organization 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.

Performance: Observed fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Organization’s Information Technology Disaster Recovery/
Business Continuity:**

A. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- i. Obtain and inspect the Organization’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Organization’s local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the Organization’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.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Organization’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.

Performance: We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

14) Procedures Performed on the Organization’s Prevention of Sexual Harassment:

A. Using the 5 randomly selected employees/officials from “Procedures Performed on the Organization’s Payroll and Personnel” #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Performance: Inquired about sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

**14) Procedures Performed on the Organization's Prevention of Sexual Harassment:
(Continued)**

- B. Observe the Organization has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the Organization does not have a website).

Performance: Inquired of management regarding the sexual harassment policy and observed complaint procedure on its website and on the entity's premises.

Exceptions: There were no exceptions noted.

- C. Obtain the Organization's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Performance: Obtained the Organization's annual sexual harassment report.

Exceptions: There were no exceptions noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- ii. Number of sexual harassment complaints received by the agency.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

- v. Amount of time it took to resolve each complaint.

Performance: Obtained the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

- 1)A(ii) Management will consider adding the required provision to the existing purchasing policy.
- 1)A(iv) Management will consider adding the required provisions to the existing receipts/collections policy.
- 1)A(v) Management will consider adding the required provision to the existing payroll/personnel policy.
- 1)A(vi) Management will consider adding the required provisions to the existing contracting policy.
- 1)A(ix) Management will consider adding the required provisions to the existing ethics policy.
- 1)A(xi) Management will develop, and the Board will adopt an information technology disaster recovery/business continuity policy.
- 1)A(xii) Management will consider adding the required provisions to the existing sexual harassment policy.
- 5)B(iii) The Director will periodically review the vendor listing.