

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

FINANCIAL REPORT

August 31, 2024

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

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August 31, 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a non-profit corporation), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of LDSC as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LDSC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LDSC's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of LDSC'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 the effectiveness of LDSC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LDSC's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We previously audited LDSC's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
January 31, 2025

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

STATEMENT OF FINANCIAL POSITION
 August 31, 2024

(with summarized comparative amounts for 2023)

ASSETS

	2024	2023
CURRENT ASSETS		
Cash	\$ 620,200	\$ 424,458
Certificate of deposit	59,353	57,484
Accounts receivable	31,373	20,000
Grants receivable	29,029	105,443
Prepaid expenses and other	32,273	38,998
Total current assets	772,228	646,383
NONCURRENT ASSETS		
Intangible asset, net	8,000	10,000
Property and equipment, net	398	698
Total noncurrent assets	8,398	10,698
Total assets	\$ 780,626	\$ 657,081

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 21,417	\$ 9,836
Accrued expenses	16,999	13,142
Total liabilities	38,416	22,978
NET ASSETS		
Without donor restrictions	742,210	634,103
Total liabilities and net assets	\$ 780,626	\$ 657,081

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

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

STATEMENT OF ACTIVITIES

For the fiscal year August 31, 2024

(with summarized comparative amounts for 2023)

	2024	2023
REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Grants:		
Federal assistance	\$ 1,064,097	\$ 797,803
Other:		
Host sites	472,500	224,000
Interest and other	10,997	8,312
Total revenues and support without donor restrictions	1,547,594	1,030,115
EXPENSES		
Program	1,290,848	809,178
General and administrative	148,639	120,582
Total expenses	1,439,487	929,760
Change in net assets	108,107	100,355
NET ASSETS		
Without donor restrictions, beginning of year	634,103	533,748
Without donor restrictions, end of year	\$ 742,210	\$ 634,103

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

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

STATEMENT OF CASH FLOWS
For the fiscal year ended August 31, 2024
(with summarized comparative amounts for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 108,107	\$ 100,355
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	300	847
Amortization	2,000	-
Decrease in allowance for doubtful accounts	-	(17,000)
Change in operating assets and liabilities:		
Grants and accounts receivable	65,041	(28,960)
Accrued expenses	3,857	2,208
Prepaid and other	6,725	(19,835)
Accounts payable	<u>11,581</u>	<u>6,719</u>
Net cash provided by operating activities	197,611	44,334
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of interest earned on certificates of deposit	(1,869)	(22)
Purchase of intangible asset	<u>-</u>	<u>(10,000)</u>
Net cash used by investing activities	<u>(1,869)</u>	<u>(10,022)</u>
Net increase in cash	195,742	34,312
CASH		
Beginning of year	<u>424,458</u>	<u>390,146</u>
End of year	<u>\$ 620,200</u>	<u>\$ 424,458</u>

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

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

STATEMENT OF FUNCTIONAL EXPENSES

For the fiscal year ended August 31, 2024

(with summarized comparative information for 2023)

	<u>Program</u>	<u>General & Administrative</u>	<u>2024 Total</u>	<u>2023 Total</u>
Member costs	\$ 991,815	\$ -	\$ 991,815	\$ 534,003
Salaries	129,919	55,679	185,598	172,272
External compliance costs	-	43,970	43,970	26,615
Payroll tax and benefits	27,051	11,593	38,644	36,961
Travel	37,603	-	37,603	38,999
Contract services	17,292	7,411	24,703	40,130
Member engagement and support	22,568	-	22,568	18,893
Occupancy	15,556	6,667	22,223	23,148
Retirement	15,498	6,642	22,140	20,673
Supplies	14,364	6,156	20,520	7,188
Recruitment	11,830	5,070	16,900	3,912
Membership dues and other	3,918	1,679	5,597	581
Telephone	3,434	1,472	4,906	5,538
Amortization	-	2,000	2,000	-
Depreciation	-	300	300	847
	<u>\$ 1,290,848</u>	<u>\$ 148,639</u>	<u>\$ 1,439,487</u>	<u>\$ 929,760</u>

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

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

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

Basis of presentation

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

Financial position and activities are to be reported according to two classes of net assets: with donor restrictions and without donor restrictions. LDSC did not have any net assets with donor restrictions as of August 31, 2024.

Recently adopted accounting pronouncements

Effective September 1, 2023, the first day of fiscal 2024, the Company adopted the requirements of ASU No. 2016-13, *Financial Instruments – Credit Losses, Current Expected Credit Losses (CECL) (Topic 326)* (“ASU 2016-13”) which is intended to increase transparency regarding credit risks. CECL utilizes a “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. CECL replaces the existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. Implementation of this standard was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, allowance for credit losses, valuation of intangible assets, and allocation of functional expenses.

Revenue recognition

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

LDSC reports contributions received as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a pledge to give to LDSC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. LDSC did not have any restricted contributions or promises to give during 2024.

Cash

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

Accounts receivable and allowance for credit losses

Accounts receivable are recorded at cost, net of an allowance for credit losses. At August 31, 2024, accounts receivable which exceeded 90 days in age had a balance of \$31,373. A general allowance for credit losses is based on management's estimate of the collectability of accounts receivable. There was no allowance for credit losses as of August 31, 2024. Accounts receivable as of September 1, 2023 was \$20,000, with all accounts considered collectible.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment with a useful life of one year or more is recorded at cost and depreciated over the asset’s estimated service life using the straight-line method. Repairs and maintenance costs that do not extend the service life of the asset is expensed as incurred. Property and equipment at August 31, 2024:

Description	Estimated Service Life	2024
Furniture and fixtures	5 years	\$ 11,972
Machinery and equipment	3 - 5 years	<u>4,703</u>
		16,675
Less accumulated depreciation		<u>(16,277)</u>
		<u>\$ 398</u>

Depreciation expense for was \$300 for 2024.

Intangible asset

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

Amortization expense was \$2,000 for 2024.

Leases

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation leave

Vacation leave is earned at varying rates for two to four weeks depending on length of service. A maximum of ten days of unused leave can be carried over to the subsequent year. Accordingly, \$7,300 related to such vacation leave has been accrued as of August 31, 2024.

Income taxes

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

LDSC follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. LDSC's open audit periods are 2022 through 2024.

Pension plan

LDSC sponsors a salary deferral plan (the Plan) that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the Plan, employees may elect to defer a percentage of their compensation up to a maximum of \$23,000 annually for the 2024 calendar year. Salary deferrals, employer contribution and the related earnings are 100% vested and non-forfeitable. LDSC is not required to make matching contributions to the Plan; however for the year ended August 31, 2024, LDSC elected to contribute \$22,140 to the Plan.

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

Functional expenses

The statement of functional expenses present expenses of LDSC's operations functionally between program and general and administrative expenses. Certain expenses have been directly allocated. Salaries, payroll tax and benefits, contract services, occupancy, retirement, supplies, recruitment, membership dues and other, and telephone are allocated to each function based on the percentage of actual salaries directly allocated to each function based upon level of effort related to that function. Membership costs are all treated as program expenses.

Subsequent events

In preparing these financial statements, LDSC has evaluated events and transactions for potential recognition or disclosure through January 31, 2025, which is the date the financial statements were available to be issued.

NOTE 2 - CERTIFICATE OF DEPOSIT

At August 31, 2024, LDSC held a certificate of deposits (CD) with market value and cost of \$59,353, maturing January 24, 2025. Interest earnings are reinvested into the CD when paid.

NOTE 3 - ECONOMIC DEPENDENCY

During the year ended August 31, 2024, LDSC received the majority of its revenues through Federal grants, as follows:

<u>Federal Grant</u>	<u>Amount</u>
Grant receivable, beginning of year	\$ 105,443
Revenues earned	1,064,097
Collections	<u>(1,140,511)</u>
Grant receivable, end of year	<u>\$ 29,029</u>

NOTE 4 - LEASES

LDSC entered into a twelve-month lease agreement to rent office space effective February 1, 2023; the lease expired and was renewed for a twelve-month period on January 31, 2024, with monthly rent expense of \$1,300. Effective October 1, 2024, this lease was terminated through an agreement with the lessor to initiate a lease at a new location. The new lease, initiated October 1 2024, is effective for six months, with a monthly rent expense of \$2,000. Due to the length of these leases, they are not considered right-of-use assets in accordance with ASU 842, *Leases*.

During 2024, rent expense was \$15,600 and is reflected on the statement of functional expenses as occupancy.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject LDSC to concentrations of credit risk consist primarily of receivables. In addition, LDSC maintains cash in local banks, which may, at times, exceed the Federal Deposit Insurance Corporation limits. LDSC's uninsured balance as of August 31, 2024 was \$375,967.

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

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

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

	<u>2024</u>
Cash	\$ 620,200
Certificate of deposit	59,353
Accounts and grants receivable	<u>60,402</u>
	<u>\$ 739,955</u>

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

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

For the fiscal year ended August 31, 2024

(See Independent Auditors' Report)

Agency Head: Lisa Moore, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 109,203
Paryroll taxes	8,202
Employee benefits	26,754
Reimbursements	<u>5,254</u>
Total	<u>\$ 149,413</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2024

(See Independent Auditors' Report)

<u>Federal Grantor/ Pass-through Grantor/ Program</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Grant Amount</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Corporation for National and Community Service/ State of Louisiana/ Volunteer Louisiana					
*COVID 19 - AmeriCorps State and National	94.006	21AFGLA0010007	\$ 357,832	\$ -	\$ 357,831
*AmeriCorps State and National	94.006	21AFGLA0010007	<u>706,627</u>	<u>-</u>	<u>706,266</u>
 Total expenditures of federal awards			 <u>\$ 1,064,459</u>	 <u>\$ -</u>	 <u>\$ 1,064,097</u>

* Major Program

See accompanying notes to schedule of expenditures of federal awards

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of LDSC under programs of the federal government for the year ended August 31, 2024. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of LDSC; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of LDSC.

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - NONCASH ASSISTANCE

LDSC did not receive any federal noncash assistance for the year ended August 31, 2024.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a non-profit organization), which comprise the statement of financial position as of August 31, 2024, 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 January 31, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LDSC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

LDSC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on LDSC's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. LDSC's response on page 27 was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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



Certified Public Accountants

Baton Rouge, Louisiana
January 31, 2025



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

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

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a nonprofit organization), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on LDSC's major federal program for the year ended August 31, 2024. LDSC's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LDSC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August, 31, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 to be material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
January 31, 2025

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the fiscal year ended August 31, 2024

1) Summary of Auditors' Results:

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

Material weaknesses: **2024-001.**

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

Material weaknesses: **2024-001.**

- E) The type of report issued on compliance for major programs: **Unmodified opinion.**
- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **2024-001.**

Identification of Major Programs:

Corporation for National and Community Service

State of Louisiana/Volunteer Louisiana

AmeriCorps State and National

A.L.N. 94.006

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

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: 2024-001.

3) FINDINGS – FINANCIAL STATEMENT FINDINGS

See Finding 2024-001 in Section (4) Findings – Federal Award Findings and Questioned Costs.

4) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-001 Segregation of Duties

Title and Assistance Listing Number of the Federal Program: ALN 94.006
AmeriCorps State and National

Year Finding Originated: 2022

Compliance Requirement: 2 CFR 200.303 Internal Controls

Name of Federal Agency: Corporation for National and Community Service

Pass-through Agency: State of Louisiana/Volunteer Louisiana

Questioned Costs: None.

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

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

2024-001 Segregation of Duties (Continued)

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

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

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

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

Effect: There is not adequate segregation of duties.

Recommendation: We recommend LDSC to continue its practice of involving members of the board and its contract accountant to be involved in the financial reporting process to the extent practical to mitigate the risks related to limited segregation of duties.

Views of Responsible Officials: See views of responsible officials on page 27.

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

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the fiscal year ended August 31, 2024**

2023-001 Segregation of Duties: This item has been reclassified as 2024-001.

2023-002 Approval of Living Allowance Payments: This matter is considered resolved.

2023-003 Compliance of Special Tests and Provisions – National Service Criminal History Checks: This matter is considered resolved.



Board of Directors

Jodi Hill
President
Louisiana Fair Housing Action Center
Staff Attorney, Enforcement Department
*Alum

Kyle C. Viator *Treasurer*
Market President
AmeriHealth Caritas Louisiana

Kia Bickham
E Pluribus Unum Director,
Engagement

Lindsay Jarrell Blouin
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Trial Attorney

Amanda Hassan, MSW
Director of Academic Advising
Tulane University School of Professional
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for National Black
Environmental Justice
Network at the Deep South
Center for Environmental
Justice

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

Donovan L. Segura, Ph.D.
Associate Vice Chancellor for Equity,
Diversity, Inclusion and Title IX Southern
University Agricultural Research and
Extension Center

Kellie Chavez Greene
Vice President of Programs at the
Greater New Orleans Foundation
*Alum

Gerald Dean Scott
Disease Intervention Specialist Supervisor,
Louisiana Department of Health
*Alum

Staff
Lisa Moore
Executive Director

Maggie Conarro
Program Director

Views of Responsible Officials:

2024-001 Segregation of Duties:

Management Response: Due to the size of LDSC’s administrative staff, complete segregation of duties is not economically feasible. We will ensure the areas recommended above are added to our current policy to the extent it is economically feasible.

Lisa Moore, Executive Director

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

Serve Louisiana

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Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

LOUISIANA DELTA SERVICE CORPS

D/B/A SERVE LOUISIANA

Baton Rouge, Louisiana

For the year ended August 31, 2024



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal September 1, 2023 through August 31, 2024. Louisiana Delta Service Corps d/b/a Serve Louisiana (LDSC)'s management is responsible for those C/C areas identified in the SAUPs.

LDSC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period September 1, 2023 through August 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

1. Written Policies and Procedures:

- A. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, and (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.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2. Board or Finance Committee:

- A. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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.
- 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.

3. Bank Reconciliations:

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

4. Collections (excluding electronic fund transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.

- ii. 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.
 - 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.
 - 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.
- C. 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.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (cards):

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.]); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased security.

7. Travel and Travel-Related Expense Reimbursement (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:
- 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy and procedures #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8. 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:

- 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;
- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9. Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.);
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees of officials agree to the authorized salary/pay rate found within the personnel file.
- 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 entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

- D. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

10. Ethics:

- A. Using the 5 randomly selected employees/officials from procedure #9A under “Payroll and Personnel” above obtain ethics documentation from management, and:
 - i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
 - ii. 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.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11. 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.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12. Fraud Notice:

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

13. Information Technology Disaster Recovery/Business Continuity:

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

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment

14. Prevention of Sexual Harassment:

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

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended August 31, 2024

Exceptions:

LDSC is not required to comply with the annual sexual harassment training and sexual harassment policy requirements under R.S. 42:341, et seq. The Louisiana Code of Governmental Ethics is not applicable to LDSC, therefore no testing was performed over ethics. No exceptions were found as a result of applying the procedures listed above, except as follows:

Written Policies and Procedures:

1(A)(i)-(xii) - LDSC has no written policy on debt services as the entity has no debt. LDSC has policies addressing purchasing, payroll/personnel, contracting, credit cards, and IT disaster recovery, however they do not meet certain minimum requirements.

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

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

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

Information Technology Disaster Recovery/Business Continuity:

A-C-We performed the procedure and discussed the results with management.

Management's response: Management is in agreement with the exceptions identified for policies and procedures. For non-payroll disbursements, management agrees with the exception but notes it is not economically feasible to achieve full segregation of duties. Safeguards have been put in place to mitigate the risks associated with the lack of segregation of duties, which include oversight and review from the board and accounting functions handled by a third party.

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

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

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


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
January 31, 2025