

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Financial Report
Year Ended June 30, 2023

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Mr. Lyndon Livingston, Executive Director, and
Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Allen Action Agency, Inc. (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 present fairly, in all material respects, the financial position of Allen Action Agency, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Allen Action Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agencies, Inc.'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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining statement of financial position, and schedule of grant revenue are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of Allen Action Agency, Inc.'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 solely 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 the effectiveness of Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 20, 2023

FINANCIAL STATEMENTS

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Financial Position
June 30, 2023

ASSETS

Current assets:	
Cash	\$ 105,315
Grant receivable	<u>21,925</u>
Total current assets	127,240
Property and equipment, net	540,510
Other assets	<u>225</u>
Total assets	<u>\$ 667,975</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 8,644
Accrued salaries and related benefits	<u>15,305</u>
Total liabilities	<u>23,949</u>
Net assets:	
With donor restrictions	40,282
Without donor restrictions	<u>603,744</u>
Total net assets	<u>644,026</u>
Total liabilities and net assets	<u>\$ 667,975</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Government grants	\$ -	\$ 1,562,141	\$ 1,562,141
Local grants	29,843	18,650	48,493
Donated services and facilities	-	331,497	331,497
Net assets released from restrictions	<u>2,017,551</u>	<u>(2,017,551)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,047,394</u>	<u>(105,263)</u>	<u>1,942,131</u>
Expenses:			
Program services -			
Energy Assistance Programs	60,203	-	60,203
Local grants	40,409	-	40,409
Food services	128,490	-	128,490
Head Start Program	<u>1,726,016</u>	<u>-</u>	<u>1,726,016</u>
Total program services	1,955,118	-	1,955,118
Support services -			
Management and general -			
Community Services Block Grant	<u>102,842</u>	<u>-</u>	<u>102,842</u>
Total expenses	<u>2,057,960</u>	<u>-</u>	<u>2,057,960</u>
Change in net assets	(10,566)	(105,263)	(115,829)
Net assets, beginning	<u>50,848</u>	<u>709,007</u>	<u>759,855</u>
Net assets, ending	<u>\$ 40,282</u>	<u>\$ 603,744</u>	<u>\$ 644,026</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services				Total Program Services	Support Services	Totals
	Energy Assistance Grants	Local Grants	Food Services Program	Head Start Program		Management and General	
Salaries	\$ 35,371	\$ 335	\$ 35,071	\$ 747,576	\$ 818,353	\$ 75,438	\$ 893,791
Payroll taxes	2,706	338	-	70,929	73,973	5,241	79,214
Retirement	729	-	-	55,777	56,506	3,993	60,499
Total salaries and related expenses	38,806	673	35,071	874,282	948,832	84,672	1,033,504
Dues	-	320	-	2,529	2,849	-	2,849
Energy assistance	2,619	-	-	-	2,619	-	2,619
Food and nutrition	3,210	-	93,419	21,899	118,528	-	118,528
Insurance	213	18	-	77,055	77,286	244	77,530
Contributed services and facility costs	-	-	-	331,496	331,496	-	331,496
Medical and dental	-	-	-	6,251	6,251	-	6,251
Miscellaneous	-	603	-	15,400	16,003	1,986	17,989
Other occupancy	614	-	-	28,087	28,701	-	28,701
Parent involvement	-	14,952	-	1,602	16,554	-	16,554
Printing and advertising	-	154	-	667	821	-	821
Professional fees	150	-	-	34,096	34,246	300	34,546
Repairs and maintenance	-	93	-	107,545	107,638	-	107,638
Seminars and workshops	-	-	-	1,750	1,750	-	1,750
Supplies and materials	11,581	22,832	-	45,338	79,751	6,574	86,325
Telephone	2,016	90	-	13,889	15,995	2,099	18,094
Travel	-	674	-	8,002	8,676	415	9,091
Utilities	994	-	-	55,016	56,010	6,552	62,562
Total expenses before depreciation	60,203	40,409	128,490	1,624,904	1,854,006	102,842	1,956,848
Depreciation expense	-	-	-	101,112	101,112	-	101,112
Total expenses	<u>\$ 60,203</u>	<u>\$ 40,409</u>	<u>\$ 128,490</u>	<u>\$ 1,726,016</u>	<u>\$ 1,955,118</u>	<u>\$ 102,842</u>	<u>\$ 2,057,960</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$(115,829)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,112
Decrease in grant receivable	28,566
Increase in accounts payable	(23,551)
Increase in accrued salaries and related benefits	(2,259)
Increase in deferred revenue	<u>(13,412)</u>
Net cash used by operating activities	<u>(25,373)</u>
Decrease in cash and cash equivalents	(25,373)
Cash and cash equivalents, beginning	<u>130,688</u>
Cash and cash equivalents, ending	<u>\$ 105,315</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Head Start Program for Allen Parish. Its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which they are paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as an organization that is not a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. Estimates

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

I. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(2) Subsequent Events

The Agency has evaluated subsequent events through December 20, 2023, the date which the financial statements were available to be issued.

(3) Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at June 30, 2023:	\$ 127,240
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Food Services Program	(60,150)
Community Services Block Grant	(565)
Energy Assistance Grants	(17,743)
Parents Fund	<u>(2,921)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 45,861</u>

As part of the Agency's liquidity management, the Agency maintains sufficient cash balances throughout the year through the receipt of grants from Federal, State, and local agencies to support the Agency's objective to conduct various community service programs, including the Head Start Program for Allen Parish, and improve the conditions under which people in the Allen Parish area live.

(4) Due To/From Other Funds

Individual programs' balance of due to and from other funds at June 30, 2023 are as follows. The following balances have been eliminated in the statement of financial position.

	<u>Due from other funds</u>	<u>Due to other funds</u>
Accounts Payable/Payroll	\$ 36,921	\$ 13,132
Food Services	5,839	-
CSBG	11,392	30,808
Headstart	1,882	-
Energy Assistance	<u>975</u>	<u>13,069</u>
	<u>\$ 57,009</u>	<u>\$ 57,009</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(5) Property and equipment

Property and equipment at June 30, 2023 consisted of the following:

Land	\$ 10,039
Buildings and improvements	1,097,567
Furniture, fixtures and equipment	<u>786,135</u>
	1,893,741
Less: Accumulated depreciation	<u>(1,353,231)</u>
Property and equipment, net	<u>\$ 540,510</u>

Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2023 totaled \$101,112.

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 are restricted for specific purposes as follows:

Food programs	\$ 65,989
Head Start pre-school education	531,104
Utility assistance	<u>6,651</u>
	<u>\$ 603,744</u>

(7) Net Assets Released from Restrictions

Detail of net assets released from restrictions for the year ended June 30, 2023 follows:

Purpose restrictions accomplished:	
Energy Assistance Grants	\$ 60,203
Food Services Program	128,490
Head Start Program	1,726,016
Community Services Block Grant	<u>102,842</u>
	<u>\$ 2,017,551</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(8) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(9) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets, or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$331,496 for the year ended June 30, 2023.

(10) Retirement

The Agency maintains a 403(b) plan for its employees of the Head Start program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary, and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2023, 2022, and 2021 were \$60,499, \$75,548, and \$57,512, respectively.

(11) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2023.

(12) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(13) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,649
Retirement	6,925
Travel	33
Reimbursements	1,820
	<u>\$ 71,427</u>

(14) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services – Head Start Program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

The Agency maintains its cash balances at a local financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023, cash balances (bank balances) were fully insured.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Accounts Payable/Payroll

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

Food Services Program

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Head Start locations.

Community Service Block Grant

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

Head Start Program

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

Energy Assistance Grants

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

Parents Fund

To account for local funds received and generated by activities of Head Start participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combining Statement of Financial Position
June 30, 2023

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Parents Fund	Total	Eliminating Entries	Total
ASSETS									
Current assets:									
Cash	\$ 23,936	\$ 60,150	\$ 565	\$ -	\$ 17,743	\$ 2,921	\$ 105,315	\$ -	\$ 105,315
Grant receivable	-	-	19,207	-	2,718	-	21,925	-	21,925
Due from other funds	<u>36,921</u>	<u>5,839</u>	<u>11,392</u>	<u>1,882</u>	<u>975</u>	<u>-</u>	<u>57,009</u>	<u>(57,009)</u>	<u>-</u>
Total current assets	60,857	65,989	31,164	1,882	21,436	2,921	184,249	(57,009)	127,240
Property and equipment, net	-	-	-	540,510	-	-	540,510	-	540,510
Other assets	<u>225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>
Total assets	<u>\$ 61,082</u>	<u>\$ 65,989</u>	<u>\$ 31,164</u>	<u>\$ 542,392</u>	<u>\$ 21,436</u>	<u>\$ 2,921</u>	<u>\$ 724,984</u>	<u>\$ (57,009)</u>	<u>\$ 667,975</u>
LIABILITIES AND NET ASSETS									
Liabilities -									
Current liabilities:									
Accounts payable	\$ 4,690	\$ -	\$ 356	\$ 1,882	\$ 1,716	\$ -	\$ 8,644	\$ -	\$ 8,644
Accrued salaries and related benefits	5,899	-	-	9,406	-	-	15,305	-	15,305
Due to other funds	<u>13,132</u>	<u>-</u>	<u>30,808</u>	<u>-</u>	<u>13,069</u>	<u>-</u>	<u>57,009</u>	<u>(57,009)</u>	<u>-</u>
Total current liabilities	<u>23,721</u>	<u>-</u>	<u>31,164</u>	<u>11,288</u>	<u>14,785</u>	<u>-</u>	<u>80,958</u>	<u>(57,009)</u>	<u>23,949</u>
Total liabilities	<u>23,721</u>	<u>-</u>	<u>31,164</u>	<u>11,288</u>	<u>14,785</u>	<u>-</u>	<u>80,958</u>	<u>(57,009)</u>	<u>23,949</u>
Net assets:									
Without donor restrictions	37,361	-	-	-	-	2,921	40,282	-	40,282
With donor restrictions	<u>-</u>	<u>65,989</u>	<u>-</u>	<u>531,104</u>	<u>6,651</u>	<u>-</u>	<u>603,744</u>	<u>-</u>	<u>603,744</u>
Total net assets	<u>37,361</u>	<u>65,989</u>	<u>-</u>	<u>531,104</u>	<u>6,651</u>	<u>2,921</u>	<u>644,026</u>	<u>-</u>	<u>644,026</u>
Total liabilities and net assets	<u>\$ 61,082</u>	<u>\$ 65,989</u>	<u>\$ 31,164</u>	<u>\$ 542,392</u>	<u>\$ 21,436</u>	<u>\$ 2,921</u>	<u>\$ 724,984</u>	<u>\$ (57,009)</u>	<u>\$ 667,975</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Grant Revenue
For the Year Ended June 30, 2023

LIHEAP/LACAP	\$ 59,964
Food Services Program	106,511
Community Services Block Grant	102,842
Head Start Program	<u>1,292,824</u>
	<u>\$ 1,562,141</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

Mr. Lyndon Livingston, Executive Director
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, 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 Allen Action Agency, Inc. (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, and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen Action Agency, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 Allen Action Agency Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen Action Agency's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen Action Agency, Inc.'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 test 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 20, 2023

KOLDER, SLAVEN & COMPANY, LLC

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

Mr. Lyndon Livingston, Executive Director,
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Allen Action Agency, Inc.'s 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 Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2023. Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Allen Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 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 Allen Action Agency, Inc. 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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 20, 2023

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Expenditures
U. S. Department of Health and Human Services:		
Head Start Cluster -		
Head Start Program	93.600	\$ 1,231,626
Head Start Program - COVID-19	93.600	<u>61,198</u>
Total Head Start Cluster and Assistance Listing Number 93.600		<u>1,292,824</u>
Passed through Louisiana Housing Finance Agency -		
Low-Income Home Energy Assistance	93.568	45,162
Low-Income Home Energy Assistance - COVID-19	93.568	<u>14,802</u>
Total Assistance Listing Number 93.568		<u>59,964</u>
Passed through the Louisiana Department of Labor -		
477 Cluster -		
Community Service Block Grant	93.569	91,250
Community Service Block Grant - COVID-19	93.569	<u>11,592</u>
Total 477 Cluster and Assistance Listing Number 93.569		<u>102,842</u>
Total Department of Health and Human Services		<u>1,455,630</u>
U. S. Department of Agriculture:		
Passed through Louisiana Department of Education -		
Child and Adult Care Food Program	10.558	<u>111,806</u>
Total expenditures of federal awards		<u>\$ 1,567,436</u>

The accompanying notes are an integral part of this schedule.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule 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.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$2,057,960
Less: In-kind contributions	(331,496)
Depreciation	(101,112)
Non-federal expense	<u>(57,916)</u>
Total expenditures per schedule of federal awards	<u>\$1,567,436</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I. Summary of Auditor's Results

<i>Financial Statements</i>			<u>Type of Opinion</u>
1. Type of auditor's opinion issued on financial statements:			Unmodified
2. Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
3. Noncompliance material to the financial statements?	_____ yes	_____ <input checked="" type="checkbox"/> no	
<i>Federal Awards</i>			
4. Internal control over major federal programs:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
5. Major programs and type of auditor's report issued:			
Assistance			
Listing			
Number	<u>Federal Agency and Name of Major Program</u>		<u>Type of Opinion</u>
	<u>U.S. Department of Health and Human Services</u>		
93.600	Head Start Program		Unmodified
6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?	_____ yes	_____ <input checked="" type="checkbox"/> no	
7. Threshold for distinguishing type A and B programs?			<u>\$ 750,000</u>
8. Qualified as a low-risk auditee?	_____ <input checked="" type="checkbox"/> yes	_____ no	
<i>Other</i>			
9. Management letter issued?	_____ yes	_____ <input checked="" type="checkbox"/> no	

Part II. Findings reported in accordance with Government Auditing Standards

No findings reported under this section

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance

No findings reported under this section

ALLEN ACTION AGENCY, INC.
Statewide Agreed-Upon Procedures Report
Year Ended June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of
Allen Action Agency, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Allen Action Agency, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Allen Action Agency, Inc. 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 July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories, if applicable, to public funds and the entity's operations:

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and do not address how vendors are added to the vendor list.

iii. **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- 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).
Written policies and procedures were obtained and address the functions noted above.
- 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.
Written policies and procedures were obtained and address the functions noted above.
- 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.
Written policies and procedures were obtained and do not address the functions noted above.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the functions noted above.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Written policies and procedures were obtained and address the functions noted above.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
This section does not apply to the entity.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
This section does not apply to the entity.
- 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.
Written policies and procedures were obtained and do not address the functions noted above.
- 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.
This section does not apply to the entity.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met on a frequency in accordance with the board's bylaws.
 - 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.
N/A – The entity does not report on the governmental accounting model.
 - 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 unassigned fund balance in the general fund.
N/A – The entity is not a governmental entity.
 - 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.
N/A – The entity did not have any audit findings reported in the prior year audit report.

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 each selected account, and observe that:
- Obtained a listing of entity bank accounts for the fiscal period and management's representation that the listing is complete.*
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
Obtained and reviewed bank reconciliations noting that 3 out of the 5 bank reconciliations selected for testing were not prepared within 2 months of the related statement closing date.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Obtained and reviewed bank reconciliations noting that 5 out of the 5 bank reconciliations selected for testing did not include evidence of review by a member of management or a board member who does not handle cash, post ledgers, or issue checks.

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

Obtained and reviewed bank reconciliations noting that for 3 out of the 5 bank reconciliations selected for testing, management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds 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).

Obtained a listing of deposit sites for the fiscal period and managements representation that the listing is complete.

- 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 responsible for cash collections do not share cash drawers/registers;

Observed that employees responsible for cash collections do not share the same 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;

Observed that employees responsible for collecting cash are not responsible for preparing/making bank deposits.

- 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; and

Observed that employees responsible for collecting cash are not responsible for posting cash collection entries to the general ledger.

- 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/official verifies the reconciliation.

Observed that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.

- 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.

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash, noting no exceptions.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
N/A – After observing the bank statements for all accounts selected for testing, it was noted that all funds are electronically transferred/deposited into the correct account. Therefore, this particular test does not apply to these accounts.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
N/A – After observing the bank statements for all accounts selected for testing, it was noted that all funds are electronically transferred/deposited into the correct account. Therefore, this particular test does not apply to these accounts.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
N/A – After observing the bank statements for all accounts selected for testing, it was noted that all funds are electronically transferred/deposited into the correct account. Therefore, this particular test does not apply to these accounts.
 - 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).
N/A – After observing the bank statements for all accounts selected for testing, it was noted that all funds are electronically transferred/deposited into the correct account. Therefore, this particular test does not apply to these accounts.
 - v. Trace the actual deposit per the bank statement to the general ledger.
N/A – After observing the bank statements for all accounts selected for testing, it was noted that all funds are electronically transferred/deposited into the correct account. Therefore, this particular test does not apply to these accounts.

5) Non-Payroll Disbursements (excluding 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).
Obtained a listing of locations that process payments for the fiscal period and managements representation that the listing is complete.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
Observed that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase, noting no exceptions.

- ii. At least two employees are involved in processing and approving payments to vendors;
Observed that at least two employees are involved in processing and approving payments to vendors, noting no exceptions.
 - 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;
Observed that the employee responsible for processing payments is not prohibited from adding/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; and
Observed that the employee responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments, noting no exceptions.
 - 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.
Observed that 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, noting no exceptions.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and
Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, noting no exceptions.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Observed that disbursement documentation included evidence of segregation of duties, noting no exceptions.
- 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.
Observed that there was approval by only those persons authorized to disburse funds per the entity's policy, noting no exceptions. Also observed that there was approval by the required number of authorized signers per the entity's policy, noting no exceptions.

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.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period and management's representation that the listing is complete.

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality, should not be reported); and

Observed that the monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder, noting no exceptions.

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

Observed that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

7) 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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and managements representation that the listing is complete.

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

8) Contracts

Per discussion with Roxy Prudhomme, Fiscal Officer, it was noted that Allen Action Agency, Inc. did not have any contracts that were initiated or renewed during the fiscal period. Therefore, these procedures are not applicable to the entity.

- 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

N/A – This procedure is not applicable to the entity.

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

N/A – This procedure is not applicable to the entity.

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

N/A – This procedure is not applicable to the entity.

- 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 documented approval); and

N/A – This procedure is not applicable to the entity.

- 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.

N/A – This procedure is not applicable to the entity.

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and managements representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files, noting no exceptions.

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

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

Observed that all selected employees or officials documented their daily attendance and leave, noting no exceptions.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Observed that supervisors approved the attendance and leave of the selected employees or officials, noting no exceptions.

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

Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, noting no exceptions.

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

Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file, noting no exceptions.

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

There were no termination payments made during the fiscal period.

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

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and any associated forms have been filed, by required deadlines, noting no exceptions.

10) Ethics

This section is not applicable to Allen Action Agency, Inc., a non-profit entity.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
N/A – This procedure is not applicable to the entity.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
N/A – This procedure is not applicable to the entity.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
N/A – This procedure is not applicable to the entity.

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.
Per discussion with management, it was noted that there were no bonds/notes or other debt instruments issued during the fiscal period.
- 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).
Per discussion with management, it was noted that there were no bonds/notes outstanding at the end of the fiscal period.

12) Fraud Notice

- B. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
Per discussion with management, there were no misappropriations of public funds or assets during the fiscal period.

- A. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observed the entity has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on their premises. Note that the entity does not maintain a website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

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 the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

This section is not applicable to Allen Action Agency, Inc., a non-profit entity.

- 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.

N/A – This procedure is not applicable to the entity.

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

N/A – This procedure is not applicable to the entity.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

N/A – This procedure is not applicable to the entity.

Management’s Response

Management of the Allen Action Agency, Inc. concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Allen Action Agency, Inc. 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 the Allen Action Agency, Inc. 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants