

**East Baton Rouge Truancy Assessment, Inc.**  
**Baton Rouge, Louisiana**  
**June 30, 2014**

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# HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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## Independent Auditor's Report

Board of Directors  
East Baton Rouge Truancy Assessment, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of East Baton Rouge Truancy Assessment, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Baton Rouge Truancy Assessment, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of East Baton Rouge Truancy Assessment, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Truancy Assessment, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Southern, Wymouth & Caspell, LLP".

November 24, 2014

**East Baton Rouge Truancy Assessment, Inc.**  
**Statements of Financial Position**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 606,812	\$ 559,105
Accounts Receivable	84,585	4,000
Prepaid Expenses	5,921	4,028
Property and Equipment, net	307,302	218,241
Total Assets	\$ 1,004,620	\$ 785,374
 <b>Liabilities</b>		
Line of Credit	\$ 3,895	\$ 3,895
Accounts Payable	141,591	28,186
Accrued Liabilities	28,417	20,423
Compensated Absences Payable	11,274	11,436
Total Liabilities	185,177	63,940
 <b>Net Assets</b>		
Unrestricted	819,443	721,434
Total Liabilities and Net Assets	\$ 1,004,620	\$ 785,374

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

**East Baton Rouge Truancy Assessment, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2014 and 2013**

	<b>Unrestricted</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenue and Other Support</b>		
Grants	\$ 798,895	\$ 748,595
In-Kind Contributions	444,192	329,912
Interest	66	53
Miscellaneous	10,070	30,047
Rent	314,578	176,078
Total Revenue and Other Support	1,567,801	1,284,685
<b>Expenses</b>		
Program		
Family and Youth Service Center (FYSC)	925,126	552,627
Truancy Assessment Service Center (TASC)	376,841	402,817
Total Program	1,301,967	955,444
Management and General	167,825	166,833
Total Expenses	1,469,792	1,122,277
<b>Increase in Net Assets</b>	98,009	162,408
<b>Net Assets, beginning of year</b>	721,434	559,026
<b>Net Assets, end of year</b>	\$ 819,443	\$ 721,434

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

**East Baton Rouge Truancy Assessment, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2014**

<b>Expenses</b>	<b>FYSC</b>	<b>TASC</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Total Expenses</b>
Compensation and Salaries	\$ 145,726	\$ 312,663	\$ 458,389	\$ 80,892	\$ 539,281
Payroll Taxes	10,122	20,186	30,308	5,348	35,656
	<u>155,848</u>	<u>332,849</u>	<u>488,697</u>	<u>86,240</u>	<u>574,937</u>
Advertising	798	-	798	-	798
Bank Charges	-	-	-	46	46
Computer	86,982	-	86,982	-	86,982
Community Outreach	1,420	-	1,420	-	1,420
Contract Labor	20,363	-	20,363	-	20,363
Depreciation	61,891	4,064	65,955	7,328	73,283
Equipment	6,254	2,513	8,767	-	8,767
Insurance	3,020	2,085	5,105	15,312	20,417
Interest	-	-	-	234	234
Meals and Entertainment	1,021	-	1,021	-	1,021
Mileage Reimbursement	-	5,870	5,870	-	5,870
Miscellaneous	-	300	300	-	300
Occupancy, In-Kind	291,333	21,384	312,717	34,746	347,463
Office	10	288	298	893	1,191
Payroll Fees	-	2,361	2,361	417	2,778
Postage and Shipping	409	478	887	-	887
Printing and Publications	2,683	193	2,876	-	2,876
Professional Fees	2,178	1,259	3,437	10,310	13,747
Repairs and Maintenance	182,934	-	182,934	-	182,934
Supplies	10,767	2,781	13,548	1,505	15,053
Telephone	7,796	-	7,796	866	8,662
Travel	71	416	487	-	487
Utilities	89,348	-	89,348	9,928	99,276
	<u>155,848</u>	<u>332,849</u>	<u>488,697</u>	<u>86,240</u>	<u>574,937</u>
Total Expenses	<u>\$ 925,126</u>	<u>\$ 376,841</u>	<u>\$ 1,301,967</u>	<u>\$ 167,825</u>	<u>\$ 1,469,792</u>

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

**East Baton Rouge Truancy Assessment, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2013**

<b>Expenses</b>	<b>FYSC</b>	<b>TASC</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Total Expenses</b>
Compensation and Salaries	\$ 68,949	\$ 335,240	\$ 404,189	\$ 71,328	\$ 475,517
Payroll Taxes	6,457	23,197	29,654	1,560	31,214
	<u>75,406</u>	<u>358,437</u>	<u>433,843</u>	<u>72,888</u>	<u>506,731</u>
Accounting	3,356	790	4,146	12,440	16,586
Bank Charges	-	-	-	377	377
Client Transportation	-	201	201	-	201
Computer	42,019	-	42,019	-	42,019
Contract Labor	5,602	1,000	6,602	-	6,602
Depreciation	-	-	-	54,882	54,882
Equipment	425	2,263	2,688	-	2,688
Insurance	-	-	-	16,322	16,322
Interest	-	-	-	234	234
Meals and Entertainment	658	-	658	-	658
Mileage Reimbursement	-	6,093	6,093	-	6,093
Miscellaneous	-	1,795	1,795	-	1,795
Occupancy, In-Kind	211,424	23,760	235,184	-	235,184
Office	-	1,381	1,381	154	1,535
Payroll Fees	-	2,814	2,814	-	2,814
Postage and Shipping	295	694	989	-	989
Printing and Publications	1,259	2,388	3,647	-	3,647
Repairs and Maintenance	131,764	-	131,764	-	131,764
Supplies	12,400	1,201	13,601	1,510	15,111
Telephone	13,517	-	13,517	1,502	15,019
Travel	-	-	-	468	468
Utilities	54,502	-	54,502	6,056	60,558
	<u>75,406</u>	<u>358,437</u>	<u>433,843</u>	<u>72,888</u>	<u>506,731</u>
<b>Total Expenses</b>	<b><u>\$ 552,627</u></b>	<b><u>\$ 402,817</u></b>	<b><u>\$ 955,444</u></b>	<b><u>\$ 166,833</u></b>	<b><u>\$ 1,122,277</u></b>

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



**East Baton Rouge Truancy Assessment, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows From Operating Activities</b>		
Increase in Net Assets	\$ 98,009	\$ 162,408
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities		
Depreciation	73,283	54,882
(Increase) Decrease in Assets:		
Accounts Receivable	(80,585)	-
Prepaid Expenses	(1,893)	1,187
Increase (Decrease) in Liabilities:		
Accounts Payable	113,405	28,186
Accrued Liabilities	7,994	7,617
Compensated Absences Payable	<u>(162)</u>	<u>2,292</u>
Net Cash Provided By Operating Activities	<u>210,051</u>	<u>256,572</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property and Equipment	<u>(162,344)</u>	<u>(178,248)</u>
Net Cash Used in Investing Activities	<u>(162,344)</u>	<u>(178,248)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	47,707	78,324
<b>Cash and Cash Equivalents, beginning of year</b>	<u>559,105</u>	<u>480,781</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 606,812</u>	<u>\$ 559,105</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid During the Year for Interest	<u>\$ 234</u>	<u>\$ 234</u>

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

**East Baton Rouge Truancy Assessment, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 1-Nature of Operations**

East Baton Rouge Truancy Assessment, Inc. (the "Organization") is a Louisiana non-profit voluntary health organization, incorporated on February 21, 2001 for the purpose of identifying children who have exhibited truant tendencies, assess the causal problems for these tendencies, and provide services or refer the identified children and their families to necessary services to eliminate or alleviate the causal problems for the truant behavior within East Baton Rouge Parish.

The Organization operates the following programs: Truancy Assessment Service Center (TASC) and Family and Youth Service Center (FYSC).

*TASC* - Designed to provide early identification, rapid assessment, and intensive truancy reduction services to at-risk students in grades kindergarten through fifth grade. The TASC program targets children that are most in need of services as well as "high risk" schools. TASC is funded by the East Baton Rouge Parish School

*FYSC* - Designed to offer services for youth and families in a convenient and caring environment. FYSC is funded by the East Baton Rouge Parish School Board, the City-Parish, Sheriff's Office, District Attorney's Office, and private grants.

**Note 2-Summary of Significant Accounting Policies**

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Organization has been limited by donors (a) to later periods of time or other specific dates or (b) for specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Organization's use of the assets. At June 30, 2014 and 2013, the Organization had no temporarily or permanently restricted net assets.

B. Use of Estimates

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

**East Baton Rouge Truancy Assessment, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 2-Summary of Significant Accounting Policies (Continued)**

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

D. Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. The Organization determines its allowance for doubtful accounts based on prior years' experiences and management's analysis of possible bad debts. The Organization uses the specific identification allowance method, charging off receivables on a case-by-case basis. As of June 30, 2014 and 2013, no allowance had been established.

E. Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the respective assets. Expenditures for major repairs and improvements in excess of \$500 that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred.

The estimated useful lives for property and equipment are as follows:

Equipment	3 - 7 years
Leasehold Improvements	3 - 15 years
Parking Lot	15 years
Software	5 years

F. Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants, which are considered exchange transactions, are recognized as revenue when allowable costs are incurred to provide the services specified under the terms of the grant agreements. Advances under the grants are recorded as *deferred income until such time as they can be recognized as revenue.*

**East Baton Rouge Truancy Assessment, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**G. Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof, as well as other factors. Generally, tax returns may be examined for three years from the filing date, and the current and prior three years remain subject to examination as of June 30, 2014.

**H. Compensated Absences**

The Organization provides paid time off (PTO) for its employees. Unused PTO, up to a maximum of 80 hours at the end of the fiscal year, may be carried forward. Any unused PTO in excess of 80 hours will be forfeited if not used by the end of the fiscal year. The accrued liability for compensated absences totaled \$11,274 and \$11,436 at June 30, 2014 and 2013, respectively.

**I. Advertising**

Advertising costs are expensed as incurred. Advertising costs were \$798 for the year ended June 30, 2014. There were no advertising costs for the year ended June 30, 2013.

**Note 3-Property and Equipment**

The following is a summary of property and equipment as of June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 73,365	\$ -
Leasehold Improvements	256,036	200,351
Equipment	134,173	111,628
Parking Lot	10,750	-
Software	<u>43,716</u>	<u>43,716</u>
	518,040	355,695
Less: accumulated depreciation and amortization	<u>210,738</u>	<u>137,454</u>
	<u>\$ 307,302</u>	<u>\$ 218,241</u>

**East Baton Rouge Truancy Assessment, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 4-Line of Credit**

The Organization has a \$20,000 revolving line of credit with a financial institution, of which \$3,895 was drawn as of June 30, 2014 and 2013, bearing interest at 6% per annum, unsecured.

**Note 5-In-Kind Contributions**

The East Baton Rouge School System and the Sheriff's Office each provide an employee on an in-kind basis. The estimated value of the in-kind contribution of the employee recognized in the statement of activities is \$96,728 and \$94,728 for the years ended June 30, 2014 and 2013, respectively.

The Department of Education provides office space on an in-kind basis. The estimated value of the in-kind contribution of the rental of the facilities recognized in the statement of activities is \$347,463 and \$235,184 for the years ended June 30, 2014 and 2013, respectively.

**Note 6-Operating Leases**

The Organization leases its facilities to various other entities under separate, one-year, noncancelable, operating leases. Future minimum lease payments to be received in the year ending June 30, 2015 total \$334,954.

**Note 7-Board of Directors Compensation**

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

**Note 8-Contingencies**

The Organization participates in state grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

**Note 9-Concentrations**

The Organization receives revenue through grants and contracts administered by the State of Louisiana. The grant and contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of funds received by the Organization could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grants and contracts the Organization will receive in the next fiscal year.

**East Baton Rouge Truancy Assessment, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 9-Concentrations** (Continued)

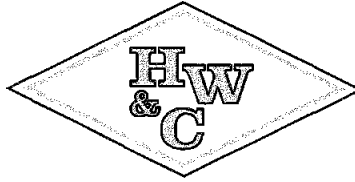
At various times during the year, cash on deposit with one banking institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their cash and cash equivalents balances to minimize this potential risk.

**Note 10-Subsequent Events**

The Organization evaluated all subsequent events through November 24, 2014 the date the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

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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***

Board of Directors  
East Baton Rouge Truancy Assessment, Inc.  
Baton Rouge, 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 East Baton Rouge Truancy Assessment, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East Baton Rouge Truancy Assessment, Inc.'s internal control over financial reporting (internal control) to determine 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 East Baton Rouge Truancy Assessment, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of East Baton Rouge Truancy Assessment, Inc.'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. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2014-001, 2014-002, 2014-003, 2014-004, and 2014-005).

## **Compliance and Other Matters**

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

## **East Baton Rouge Truancy Assessment, Inc.'s Response to Findings**

East Baton Rouge Truancy Assessment, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. East Baton Rouge Truancy Assessment, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.



November 24, 2014



**East Baton Rouge Truancy Assessment, Inc.**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2014**

**Findings - Financial Statement Audit**

**Significant Deficiencies**

*2014-001: Untimely Reconciliations*

Condition: Bank reconciliations were not prepared on a monthly basis.

Criteria: Monthly bank reconciliations lead to more accurate records and quicker detection of errors in account balances, thus making them a vital part of the internal control process and essential to an organization's financial system.

Cause: All bank reconciliations for the fiscal year were prepared at one time, prior to the start of the audit.

Effect: Failure to prepare timely reconciliations can result in incorrect general ledger cash balance amounts not being detected and contribute to erroneous cash flow and budgetary information. In addition, bank errors may go undetected.

**Auditor's Recommendation:**

Bank reconciliations should be performed monthly on all bank accounts and reviewed and approved by management.

**Management's Corrective Action Plan:**

Management will review and submit information for bank reconciliations monthly to the respective accounting firms.

*2014-002: Accounts Payable Subsidiary Ledger*

Condition: The Organization does not maintain an accounts payable subsidiary ledger.

Criteria: Invoices should be recorded in the accounts payable subsidiary ledger when received.

Cause: The Organization records transactions when paid, rather than when incurred.

Effect: The Organization does not maintain current balances due to vendors.

**Auditor's Recommendation:**

The Organization should enter invoices into the accounts payable subsidiary ledger when received.

**Management's Corrective Action Plan:**

Management will enter all transactions to the respective accounting systems at the time when expenses are incurred.

**East Baton Rouge Truancy Assessment, Inc.**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2014**

**Findings - Financial Statement Audit** (Continued)

**Significant Deficiencies** (Continued)

*2014-003: Duplicate Payment of Invoices*

Condition: We found evidence of two invoices that were paid twice. This is a repeat finding.

Criteria: There should be proper internal controls in place to ensure that invoices are only paid once.

Cause: The Organization is remitting payment for goods and services from statements, rather than individual invoices; thus leaving them vulnerable to the possibility of duplicate payment.

Effect: Paying the same invoice twice.

**Auditor's Recommendation:**

The Organization should enter invoices into the accounting system upon receipt and remit payments based on what the system shows to be payable, rather than making payments from the vendor statements. Invoices should be stamped when entered in the accounting system to avoid duplicate payments. Reconciliations should be performed to ensure the accounts payable system is complete.

**Management's Corrective Action Plan:**

Management will enter invoices into the respective accounting system upon receipt. Reconciliations will be performed by respective accounting firms.

*2014-004: Approval for Debit Card Purchases*

Condition: There is no documentation of supervisory review and approval related to debit card purchases.

Criteria: There should be documentation of review and approval for the program director's debit card purchases.

Cause: The Organization has not developed policies regarding use of debit cards.

Effect: Misappropriation of the Organization's assets may go undetected.

**Auditor's Recommendation:**

A Board member should review and approve purchases by the program director and document that review/approval.

**Management's Corrective Action Plan:**

Management will submit to a designated Board member for review and approval for all purchases involving debit cards.

**East Baton Rouge Truancy Assessment, Inc.**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2014**

**Findings - Financial Statement Audit** (Continued)

**Significant Deficiencies** (Continued)

*2014-005: Segregation of Duties*

Condition: Due to the relatively small size of the Organization, ideal segregation of duties cannot be achieved.

Criteria: The Organization should separate responsibilities for authorizing transactions, recording those transactions, and the custody of assets.

Cause: The size of the Organization does not permit proper segregation of duties.

Effect: The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatements, or both.

**Auditor's Recommendation:**

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should continue to apply diligent oversight and monitoring activities.

**Management's Corrective Action Plan:**

Management will work more efficiently and diligently with the Board in providing information and documents to assist in improving oversight and monitoring of all activities.

**East Baton Rouge Truancy Assessment, Inc.  
Schedule of Prior Year Findings and Responses  
Year Ended June 30, 2014**

**Findings - Financial Statement Audit**

**Significant Deficiencies**

*2013-001: Duplicate Payment of Invoices*

Condition: We found evidence of two invoices that were paid twice.

Criteria: There should be controls in place to ensure that invoices are only paid once.

Cause: The Organization is remitting payment for goods and services from statements, rather than individual invoices; thus leaving them vulnerable to the possibility of duplicate payment.

Effect: Paying the same invoice twice.

**Auditor's Recommendation:**

The Organization should pay for goods and services based on invoices, rather than statements. The invoices should be stamped paid to avoid duplicate payments.

**Management's Corrective Action Plan:**

Management implemented a system in which all vendor statements are matched to the correct invoice and each invoice is verified. The invoices are then attached to the statement, each is marked "PAID," and the check number of the payment is written on the statement.

Status: This repeats as current year finding 2014-003.