R E P O R T

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

JUNE 30, 2012 AND 2011

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

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PAGE

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

October 29, 2012

Board of Directors
Louisiana Human Resources
  Development Institute
1991 Wooddale Blvd.
Baton Rouge, LA 70806

We have audited the accompanying statements of financial position of Louisiana Human Resources Development Institute (the Institute) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. 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 and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Human Resources Development Institute as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 · (504) 586-8866 · Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 · (985) 649-9996 · Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 · (985) 868-2630 · Fax (985) 872-3833
www.dhhmcpa.com

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
Cash (Note 1)	$ 26,474	$ 30,562
Accounts receivable - grants (Notes 1 and 5)	15,091	21,663
TOTAL ASSETS	$ 41,565	$ 52,225

LIABILITIES AND NET ASSETS

	2012	2011
Accounts payable	$ 928	$ 33,733
Payroll taxes payable	4,033	1,421
Accrued payroll and benefits	21,556	26,646
Total liabilities	26,517	61,800
Unrestricted net assets	15,048	(9,575)
Total net assets	15,048	(9,575)
TOTAL LIABILITIES AND NET ASSETS	$ 41,565	$ 52,225

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS:		
REVENUES: (Note 1)		
Federal grants	$ 515,962	$ 492,547
Interest income	605	2
Miscellaneous	26,383	-
Total unrestricted revenues	542,950	492,549
EXPENSES: (Note 1)		
Administrative (Pages 5 and 6)	10,586	13,204
Program (Pages 5 and 6)	507,741	483,164
Total expenses	518,327	496,368
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	24,623	(3,819)
Net assets (deficit) - beginning of year	(9,575)	(5,756)
NET ASSETS (DEFICIT) - END OF YEAR	$ 15,048	$ (9,575)

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Administrative	Program	Total
Audit	$ 550	$ 4,950	$ 5,500
Bank service fees	817	-	817
Communications	-	8,610	8,610
Fringe benefits and payroll taxes	2,896	162,522	165,418
Miscellaneous	-	-	-
Salaries	5,500	308,706	314,206
Storage	380	-	380
Supplies	443	3,985	4,428
Travel	-	18,968	18,968
Total	$ 10,586	$ 507,741	$ 518,327

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Administrative	Program	Total
Audit	$ 500	$ 4,500	$ 5,000
Bank service fees	832	-	832
Communications	545	4,900	5,445
Fringe benefits and payroll taxes	2,748	151,023	153,771
Miscellaneous	1,720	-	1,720
Salaries	5,500	302,244	307,744
Storage	691	-	691
Supplies	668	6,007	6,675
Travel	-	14,490	14,490
Total	$ 13,204	$ 483,164	$ 496,368

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 24,623	$ (3,819)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	6,572	1,285
Increase (decrease) in:		
Accounts payable	(32,805)	(3,118)
Payroll taxes payable	2,612	601
Accrued payroll and benefits	(5,090)	6,061
Net cash provided (used) by operating activities	(4,088)	1,010
Cash - beginning of year	30,562	29,552
CASH - END OF YEAR	$ 26,474	$ 30,562
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide multi-service worker assistance program. The assistance includes outreach, needs assessment, job search assistance, job development, referral and placement, skills remediation and skills training. The Institute is headquartered in Baton Rouge with satellite centers in Ruston, Monroe, and Hammond. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions, which do not expire. Currently the Institute has no permanently or temporarily restricted net assets.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program.

Public Support and Revenue:

Support and revenue that is restricted by the donor is reported as an increase in temporary restricted net assets. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501 (c)(3). Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Equipment:

The title to all equipment purchased by the Institute with federal awards is retained by the grantor. Accordingly, the purchases are expensed and not capitalized in the accompanying financial statements.

Statements of Cash Flows:

For purposes of the statements of cash flows the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represent amounts due from the grantors for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

2. 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 those estimates.

3. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's Individual Retirement Account. The Institute contributes at rate of 10% of gross salary. All employees with ninety days of service were eligible to participate in the plan. Employer contributions by the Institute were $31,420 and $30,774 for the years ended June 30, 2012 and 2011, respectively.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

4. SICK LEAVE:

All employees of the Institute are entitled to thirteen days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

5. ACCOUNTS RECEIVABLE/PAYABLE - GRANTS:

As of June 30, 2012 and 2011, the Institute had receivables from a grantor agency in the amount of $15,091 and $21,663, respectively. These receivables represent expenses incurred in excess of funds received.

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

7. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. The Institute did not exceed the insured limit at June 30, 2012 and 2011.

8. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on October 29, 2012 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

9. RECLASSIFICATIONS:

Certain amounts in 2011 have been reclassified to conform with the 2012 presentation.

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

ANN H. HEBERT, C.P.A.

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
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MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
HENRY L. SILVIA, C.P.A.

A.J. DUPLANTIER JR, C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR, C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., CPA
(1920-1996)
JAMES MAHER, JR, C.P.A.
(1921-1999)

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

October 29, 2012

Board of Directors
Louisiana Human Resources
Development Institute

We have audited the financial statements of Louisiana Human Resources Development Institute (the Institute) as of and for the year ended June 30, 2012 and have issued our report thereon dated October 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the Institute is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Institute's internal control over financial reporting as a basis for designing our auditing procedures 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 Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over financial reporting.

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.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 · (504) 586-8866 · Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 · (985) 649-9996 · Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 · (985) 868-2630 · Fax (985) 872-3833
www.dhhmcpa.com

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. As described in the accompanying schedule of findings and questioned costs, we consider deficiency 2012-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

The Institute's response to finding 2012-01 identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Institute's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of Louisiana Human Resources Development Institute, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

DUPLANTIER, HRAPMANN,
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(1921-1999)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 29, 2012

Board of Directors
Louisiana Human Resources
Development Institute

Compliance

We have audited Louisiana Human Resources Development Institute's (the Institute) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended June 30, 2012. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Institute's management. Our responsibility is to express an opinion on the Institute's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Institute's compliance with those requirements.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 · (504) 586-8866 · Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 · (985) 649-9996 · Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 · (985) 868-2630 · Fax (985) 872-3833
www.dhhmcpa.com

In our opinion, the Institute complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-01 to be a material weakness.

The Institute's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Institute's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of Louisiana Human Resources Development Institute, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Passed through the State of Louisiana:

Federal Agency	Federal CFDA Number	Program Description	Contract Number	Federal Expenditures
U.S. Department of Labor	17.278	Workforce Investment Act -Dislocated Workers/ Rapid Response	OCR: #474-002330	$ 518,207

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of Louisiana Human Resources Development Institute has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPE A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended June 30, 2012, Type A programs consist of the federal programs that expended over $300,000 and Type B programs are the programs that expended under $300,000.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?	X yes	__ no
Significant deficiencies identified that are not considered to be material weaknesses?	__ yes	X none reported
Noncompliance material to financial statements noted?	__ yes	X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	X yes	__ no
Significant deficiencies identified that are not considered to be material weaknesses?	____ yes	X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	X yes	__ no

Identification of major program:

Name of Program	CFDA No.	Expenditures
Workforce Investment Act – Dislocated Workers / Rapid Response	17.278	$ 518,207

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as low-risk auditee?	__ yes	X no

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2012-01)

Condition and Criteria: The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements and bank reconciliations.

Cause: The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.

Effect: Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.

Recommendation: Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Management's Response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

See segregation of duties item 2012-01 noted above

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

SEGREGATION OF DUTIES: (2011-01)

Condition and Criteria: The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements and bank reconciliations.

Cause: The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.

Effect: Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.

Recommendation: Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Status: This comment was repeated in the current year.

GRANT DEFICIT: (2011-02)

Condition and Criteria: The Institute's books contained a deficit balance in the amount of $9,574 for one of its private grants. Although the grant had a deficit balance, the bank account maintains a positive balance due to advances from other funds.

Cause: The amount of the grant award was less than the program costs. Additional funding was not obtained.

Effect: Expenses exceeded revenues creating a deficit fund balance.

Recommendation: We recommended that the Institute seek additional funding to replenish this deficit balance.

Status: This comment was resolved in the current year.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

Not applicable for year 2011