



Policy for: Audit

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Purpose:

This policy is to establish guidelines for external audit requirements, standards and guidelines for the Louisiana Cancer Research Center.

Summary:

The Louisiana Legislature enacted La. R.S. 17:1921 et.seq, which created the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (LCRC) as a private, nonprofit corporation in accordance with R.S. 17:3390. Within the Act, R.S. 17:1927 specifically states "The books and accounts of the center shall be subject to audit not less than annually by the legislative auditor in accordance with applicable law"

Policy Statement:

The books and records of LCRC shall be submitted to the Louisiana Legislative Auditor in accordance with La. R.S. 17:1927 and R.S. 24:513. The books and records of LCRC shall be audited annually.

Definitions:

Quasi-Public: The state audit law [R.S. 24:513 A.(1)(b)] defines a quasi-public agency as:

- (i) An organization, either not-for-profit or for-profit, created by the state of Louisiana or any political subdivision or agency thereof, any special district or authority, or unit of local government to perform a public purpose.
- (ii) An organization, either not-for-profit or for-profit, that is a component unit of a governmental reporting entity, as defined under generally accepted accounting principles.
- (iii) An organization, either not-for-profit or for-profit, created to perform a public purpose and having one or more of the following characteristics:
 - (aa) the governing body is elected by the general public; (bb) a majority of the governing body is appointed by or authorized to be appointed by a governmental entity or individual governmental official as a part of his official duties; (cc) the entity is the recipient of the proceeds of an ad valorem tax or general sales tax levied specifically for its operations; (dd) the entity is able to directly issue debt, the interest on which is exempt from federal taxation; or (ee) the entity can be dissolved unilaterally by a governmental entity and its net assets assumed without compensation by that governmental entity.
- (iv) Any not-for-profit organization that receives or expends any local and/or state assistance in any fiscal year. Assistance shall include grants, loans, transfers of property, awards, and direct appropriations of state or local public funds. Assistance shall not

include guarantees, membership dues, vendor contracts for goods and services related to administrative support for a local or state assistance program, assistance to private or parochial schools, assistance to private colleges and universities, or benefits to individuals.

- (v) Any organization, either not-for-profit or for profit, which is subject to the open meetings law and derives a portion of its income from payments received from any public agency or body.
- **Local Auditee** – local government, political subdivision, or quasi-public entity
- **Independent Certified Public Accountant** – Having no financial or other interest in the client whose financial statements are being examined. Independent under the requirements of the American Institute of Certified Public Accountants (AICPA). Who shall perform no other services on behalf of the client unless otherwise approved by the LLA.

Procedures:

- LCRC is classified as a component unit (as defined under generally accepted accounting principles) of the State of Louisiana and is classified as a quasi-public entity in accordance with the Louisiana Governmental Audit Guide. Further, as a quasi-public entity, LCRC is further classified as a “local auditee” by the Louisiana Legislative Auditor (LLA) and thus can be audited by an Independent Certified Public Accountant (ICPA), except under where under certain conditions identified by the Louisiana Legislative Auditor (LLA).
- An Independent Certified Public Accountant (ICPA) performs the financial audit of the LCRC.
- The LLA publically bids full audit services for LCRC; however LCRC shall participate in the review of those ICPAs who meet certain requirements as set forth by LLA. Further, LCRC provides concurrence with the selection of the ICPA.
- The LLA contracts with the ICPA on behalf of LCRC for a three (3) year period with a one (1) time option to renew the contract.
- The LCRC Finance Committee and/or Finance Chair shall act as the Audit Committee.
- The audit shall be completed and submitted to the LLA by August 30 each year.
- A final draft audit report is submitted to the Board of Directors no later than the date of submission to the LLA.
- The Audit Committee and/or an Administrative Officer shall present updates and/or a preliminary informal audit report to the Finance Committee.
- The ICPA shall present the formal audit report to the Board of Directors at the meeting of the Board following the close of the audit period.

References and Source Documents

La. R.S. 17:3390 – Private Nonprofit Corporations
La. R.S. 17:1921 et al – Creation of the Center
La. R.S. 24:513 – Audit Law
Office of Statewide Reporting Website
Louisiana Legislative Auditor’s Website
Louisiana Governmental Audit Guide