



Louisiana Legislative Auditor Audit Risk Alert

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AUDIT RISK ALERT # 6

DATE: March 1, 2018 (updated October 12, 2021)

SUBJECT: Applicability of Louisiana state laws to non-profit agencies

Many laws of the state of Louisiana (e.g., the Louisiana Public Bid Law and the Code of Governmental Ethics) that apply to local government agencies do not apply to non-profits. There are, however, exceptions to the general rule.

For example, Louisiana Governor's Office of Elderly Affairs (GOEA) Technical Assistance Memorandum # 2018-11 pertains to GOEA's requirement that the employees, volunteer staff, and members of the board of local councils on aging comply with the Louisiana Code of Governmental Ethics.

Accordingly, the Louisiana Legislative Auditor (LLA) has revised this practice aid in the *Louisiana Governmental Audit Guide* regarding the applicability of the state ethics code to non-profit agencies:

| Section Number | Title | Revision |
|----------------|---|---------------------------------|
| 600-1320 | Statewide Agreed-Upon Procedures Year 3 | Refer to Footnote 16 on Page 15 |

CPAs who audit non-profit agencies should be cognizant that there may be other exceptions to the general rule; such as a grant agreement that requires a non-profit agency to comply with the Louisiana Public Bid Law in purchases made with grant funds.

CPAs who perform audits of non-profit agencies that report to LLA are required by *Government Auditing Standards* to obtain an understanding of the laws, regulations, contracts and grant agreements that pertain to the agency; and to report on the agency's noncompliance with any of these that could have a direct and material effect on its financial statements.

If you have any questions, please contact Diane Allison at dallison@lla.la.gov or (225) 339-3812.