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**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

MAR 12 1997

Release Date _____

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 1996

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
BALANCE SHEET AS OF JUNE 30, 1996	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 1996	5
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION:	
<u>Schedule</u>	
I Schedule of Federal Awards	22
II Supplemental Statement of Revenues, Expenditures and Changes in Fund Balances for the Year ended June 30, 1996 - State of Louisiana DOL	24
INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	26
INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS	29
SCHEDULE OF REPORTABLE CONDITIONS	34
SCHEDULE OF PRIOR REPORTABLE CONDITIONS	36
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS	42
SCHEDULE OF FINDINGS - GENERAL REQUIREMENTS	44

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	45
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARDS PROGRAMS	47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	49
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARDS PROGRAM TRANSACTIONS	56
STATUS OF PRIOR AUDIT FINDINGS	58
STATUS OF PRIOR PERIOD AUDIT QUESTIONED COSTS	68
STATUS OF UNRESOLVED CONDITIONS	69
DISCLOSURE OF OTHER AUDITS	70
EXIT CONFERENCE	71
APPENDIX - MANAGEMENT'S CORRECTIVE ACTION PLAN	72

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the accompanying balance sheet of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of June 30, 1996, and the related statements of revenues, expenditures and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the management of OPIC. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans. In our opinion, generally accepted accounting principles require that an appropriate loss contingency be recorded if conditions exist that provide doubt about the collectibility of grant funds receivable.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)
Page 2

In our opinion, except for the effects of OPIC's decision to not record an allowance for doubtful grant funds receivable as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of OPIC as of June 30, 1996, and the results of its operations, changes in its fund balances and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 2, 1996 on our consideration of OPIC's internal control structure and a report dated December 2, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements of OPIC taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects if any, on the schedule of federal awards of OPIC's decision to not record a loss contingency as explained in the third paragraph of our independent auditors' report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 2, 1996

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
BALANCE SHEET
JUNE 30, 1996

OPERATING FUNDS

	STATE OF LA DOL. IIPA	CITY OF N.O. SUMMER PROGRAM GRANT	CITY OF N.O. YOUTHBUILD CDBG	CITY OF N.O. ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))
ASSETS:								
Cash (NOTE 2)	\$ 21,006	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 21,006
Accounts receivable-other	88,414	-0-	-0-	-0-	-0-	91	-0-	88,505
Due from other programs (NOTE 2)	349,464	-0-	-0-	-0-	-0-	15,000	-0-	364,464
Grants receivable (NOTE 10)	1,082,027	163,138	16,555	139,039	19,303	1,817	-0-	1,421,879
Deposits-long-term	5,598	-0-	-0-	-0-	-0-	-0-	10,000	15,598
Deferred costs (NOTE 9)	56,275	-0-	-0-	-0-	-0-	-0-	-0-	56,275
Furniture and equipment net of accumulated depreciation of \$1,056,370 (NOTES 2 and 7)	-0-	-0-	-0-	-0-	-0-	-0-	591,443	591,443
Total assets	\$1,602,784	\$163,138	\$16,555	\$139,039	\$19,303	\$16,908	\$601,443	\$2,559,170

(CONTINUED)

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
BALANCE SHEET
(CONTINUED)
JUNE 30, 1996

OPERATING FUNDS

	STATE OF LA DOL JTPA	CITY OF N.O. SUMMER PROGRAM CDBG	CITY OF N.O. YOUTH BUILD CDBG	CITY OF N.O. ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 586,651	\$ 3,260	\$ -0-	\$ 2,380	\$ 2,207	\$ 50	\$ -0-	\$ 594,548
Due to funding agency (NOTE 8)	5,561	-0-	-0-	-0-	-0-	3,997	-0-	9,558
Due to the City of New Orleans (NOTE 9)	92,551	-0-	-0-	-0-	-0-	-0-	-0-	92,551
Deferred credit (NOTE 11)	295,809	-0-	-0-	-0-	-0-	-0-	-0-	295,809
Due to other programs (NOTE 2)	15,000	159,878	16,555	136,659	17,096	19,276	-0-	364,464
Accrued salaries and vacation payable	465,552	-0-	-0-	-0-	-0-	-0-	-0-	465,552
Total liabilities	1,461,124	163,138	16,555	139,039	19,303	23,323	-0-	1,822,482
Fund balances:								
Fund balance-unreserved	-0-	-0-	-0-	-0-	-0-	(6,415)	-0-	(6,415)
Fund balance-property	-0-	-0-	-0-	-0-	-0-	-0-	601,443	601,443
Fund balance-JTPA (NOTE 12)	141,660	-0-	-0-	-0-	-0-	-0-	-0-	141,660
Total fund balances	141,660	-0-	-0-	-0-	-0-	(6,415)	601,443	736,688
Total liabilities and fund balances	\$1,602,784	\$ 163,138	\$ 16,555	\$ 139,039	\$ 19,303	\$ 16,908	\$ 601,443	\$2,559,170

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
BALANCE SHEET
(CONTINUED)
JUNE 30, 1996

OPERATING FUNDS

	STATE OF LA DOL/JTPA	CITY OF N.O. SUMMER PROGRAM CDBG	CITY OF N.O. YOUTH BUILD CDBG	CITY OF N.O. ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))
Liabilities:								
Accounts payable and accrued liabilities	\$ 586,651	\$ 3,260	\$ -0-	\$ 2,380	\$ 2,207	\$ 50	\$ -0-	\$ 594,548
Due to funding agency (NOTE 8)	5,561	-0-	-0-	-0-	-0-	3,997	-0-	9,558
Due to the City of New Orleans (NOTE 9)	92,551	-0-	-0-	-0-	-0-	-0-	-0-	92,551
Deferred credit (NOTE 11)	295,809	-0-	-0-	-0-	-0-	-0-	-0-	295,809
Due to other programs (NOTE 2)	15,000	159,878	16,555	136,659	17,096	19,276	-0-	364,464
Accrued salaries and vacation payable	<u>465,552</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>465,552</u>
Total liabilities	<u>1,461,124</u>	<u>163,138</u>	<u>16,555</u>	<u>139,039</u>	<u>19,303</u>	<u>23,323</u>	<u>-0-</u>	<u>1,822,482</u>
Fund balances:								
Fund balance-unreserved	-0-	-0-	-0-	-0-	-0-	(6,415)	-0-	(6,415)
Fund balance-property	-0-	-0-	-0-	-0-	-0-	-0-	601,443	601,443
Fund balance-JTPA	<u>141,660</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>141,660</u>
Total fund balances	<u>141,660</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,415)</u>	<u>601,443</u>	<u>736,688</u>
Total liabilities and fund balances	<u>\$1,602,784</u>	<u>\$ 163,138</u>	<u>\$ 16,555</u>	<u>\$ 139,039</u>	<u>\$ 19,303</u>	<u>\$ 16,908</u>	<u>\$ 601,443</u>	<u>\$2,559,170</u>

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1996

		<u>CITY OF NEW ORLEANS</u>							
TOTAL STATE OF LA DOL JTPA	SUMMER PROGRAM CDBG	YOUTH BUILD CDBG	ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))		
Grant revenues (NOTE 10)	\$307,025	\$16,555	\$332,568	\$112,678	\$ 5,415	\$ -0-	\$ 7,945,275		
Other revenues (NOTE 11)	-0-	-0-	-0-	-0-	15,000	-0-	148,983		
Program income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>31,855</u>		
Total revenues	<u>307,025</u>	<u>16,555</u>	<u>332,568</u>	<u>112,678</u>	<u>20,415</u>	<u>-0-</u>	<u>8,126,113</u>		
 EXPENDITURES									
Administration:									
Salaries, taxes and fringes	12,386	-0-	10,400	3,114	273	-0-	787,346		
Advertising	-0-	-0-	-0-	-0-	-0-	-0-	6,277		
Office and rent	1,777	-0-	1,704	715	-0-	-0-	108,168		
Travel	180	-0-	167	55	-0-	-0-	18,078		
Other administrative	-0-	-0-	-0-	-0-	23,142	-0-	199,149		
Professional services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>140,826</u>		
Total administration	<u>14,343</u>	<u>-0-</u>	<u>12,271</u>	<u>3,884</u>	<u>23,415</u>	<u>-0-</u>	<u>1,259,844</u>		

(CONTINUED)

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
 (A NON-PROFIT ORGANIZATION)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1996

	<u>CITY OF NEW ORLEANS</u>										TOTAL (MEMORANDUM ONLY - (NOTE 2))
	TOTAL STATE OF LA DOL JIPA	SUMMER PROGRAM CDBG	YOUTH BUILD CDBG	ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)				
<u>EXPENDITURES, CONTINUED</u>											
Training:											
Operations	1,882,701	84,462	6,161	75,857	25,127	1,717	-0-	-0-	-0-	-0-	2,076,025
Cost reimbursement	1,087,248	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,087,248
Tuition reimbursement	471,897	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	471,897
On-the-job training	31,978	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31,978
Basic readjustment	285,998	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	285,998
Performance based	7,536	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,536
Computer remediation labs	<u>2,136</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,136</u>
Total training	<u>3,769,494</u>	<u>84,462</u>	<u>6,161</u>	<u>75,857</u>	<u>25,127</u>	<u>1,717</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,962,818</u>

(CONTINUED)

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, Continued

7. **Service Provider Audits, Continued**

- o The sub-recipient should be contacted after their year end to ensure that the appropriate steps to have an audit is being performed; and
- o **OPIC** should establish procedures to inform the sub-recipient of the possible termination of future funds, if audits are not performed on a timely basis.

We recommend that management of **OPIC** consider the previously noted procedures that we feel would enhance the present process.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel of **OPIC** and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 2, 1996

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
 (A NON-PROFIT ORGANIZATION)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1996

	<u>CITY OF NEW ORLEANS</u>							
TOTAL STATE OF LA DOL JTPA	SUMMER PROGRAM CDBG	YOUTH BUILD CDBG	ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))	

EXPENDITURES, CONTINUED

Training related and support services:							
Needs based payments	554,019	-0-	-0-	-0-	69	-0-	564,482
Training related	715,645	3,085	2,555	749	-0-	-0-	722,034
SYETP-wages	864,601	202,972	240,223	82,497	-0-	-0-	1,390,293
Work experience	<u>22,302</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,436</u>	<u>-0-</u>	<u>25,738</u>
Total training related and support services	<u>2,156,567</u>	<u>206,057</u>	<u>242,778</u>	<u>83,246</u>	<u>3,505</u>	<u>-0-</u>	<u>2,702,547</u>
Total expenditures before depreciation	<u>7,131,992</u>	<u>304,862</u>	<u>330,906</u>	<u>112,257</u>	<u>28,637</u>	<u>-0-</u>	<u>7,925,209</u>
Depreciation (NOTE 7)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>323,838</u>	<u>323,838</u>
Total expenditures after depreciation	<u>7,131,992</u>	<u>304,862</u>	<u>330,906</u>	<u>112,257</u>	<u>28,637</u>	<u>323,838</u>	<u>8,249,047</u>

(CONTINUED)

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
 (A NON-PROFIT ORGANIZATION)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1996

	<u>CITY OF NEW ORLEANS</u>							
TOTAL STATE OF LA DOL ITPA	SUMMER PROGRAM CDBG	YOUTH BUILD CDBG	ENTERPRISE GRANT	HOUSING AUTHORITY OF N.O.	PRIVATE/ OTHER	PROPERTY FUND (NOTE 2)	TOTAL (MEMORANDUM ONLY - (NOTE 2))	
Excess (deficiency) of revenues over expenditures	2,163	-0-	1,662	421	(8,222)	(323,838)	(122,934)	
Other changes in fund balances:								
Additions to property and equipment	(2,163)	-0-	(1,662)	(421)	(51)	57,517	-0-	
Security deposit	-0-	-0-	-0-	-0-	-0-	10,000	-0-	
Total other changes	(2,163)	-0-	(1,662)	(421)	(51)	67,517	-0-	
Fund balance, July 1, 1995	-0-	-0-	-0-	-0-	1,858	1,590,296	1,592,154	
Adjustments:								
Depreciation adjustment (NOTE 7)	-0-	-0-	-0-	-0-	-0-	(732,532)	(732,532)	
Adjusted fund balance, July 1, 1995	-0-	-0-	-0-	-0-	1,858	857,764	859,622	
Fund balance, June 30, 1996	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (6,415)</u>	<u>\$ 601,443</u>	<u>\$ 736,688</u>	

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1996

Cash flows from operating activities:	
Deficiency of revenues over expenditures	\$ (122,934)
Adjustments to reconcile deficiency of revenues over expenditures to net cash used in operating activities	
Depreciation	323,838
Changes in assets and liabilities:	
Decrease in deposits and other receivables	27,758
Increase in grants receivable	(273,780)
Increase in prepaid expenses and other assets	(52,025)
Increase in accounts payable	171,517
Increase in deferred credits	295,809
Decrease in due to funding agency	<u>(559,563)</u>
Net cash used in operating activities	<u>(189,380)</u>
Cash flows from investing activities:	
Acquisition of furniture and equipment	<u>(57,517)</u>
Cash flows from financing activities:	
Advances from the City of New Orleans	<u>92,551</u>
Decrease in cash	(154,346)
Cash, beginning of year	<u>175,352</u>
Cash, end of year	\$ <u><u>21,006</u></u>

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization:

The Orleans Private Industry Council, Inc. (OPIC) was incorporated effective October 3, 1991 and assumed administrative responsibilities on January 1, 1992. OPIC's Board of Directors consists of twenty (20) representatives from both the private and public business sectors and has a fiscal year end of June 30.

It is the OPIC's responsibility to develop and implement a new Job Training Plan for the New Orleans service Delivery Area (SDA), however, the ultimate responsibility for compliance with applicable JTPA laws and regulations rests with the City of New Orleans. As such, the City of New Orleans is given the responsibility to oversee and monitor all operations of OPIC. The responsibilities of all involved parties have been outlined in the PIC/CEO agreement.

Consequently, the City of New Orleans is the primary recipient of the grant funds from the State of Louisiana. These funds are then disbursed to OPIC after approval by the City of New Orleans under a cost reimbursement arrangement.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Accounting/Presentation

The Orleans Private Industry Council, Inc. is a tax exempt 501(c)3 non-profit corporation established as the administrative entity overseeing the City of New Orleans' Job Training programs. The operations of the Orleans Private Industry Council, Inc. are accounted for utilizing generally accepted accounting principles and the accrual basis of accounting.

The Orleans Private Industry Council, Inc. is federally funded by grants flowed through the State of Louisiana and the City of New Orleans. As such, the financial statements of the Orleans Private Industry Council, Inc. are not intended to and do not present either the financial position, or results of operations of the State of Louisiana or the City of New Orleans.

Fund Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources available to OPIC, the accounts of OPIC are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The assets, liabilities and fund balances are reported in the following self-balancing fund groups:

- o Operating funds include unrestricted and restricted resources available for support of operations. Revenues consists of federal grants flowed through the State.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:
Continued

Fund Accounting, Continued

- o Expenditures of the fund consist primarily of administrative salaries, training costs, payments to service providers, and other operating expenses.
- o Property funds include expendable resources restricted for acquisitions of property and equipment.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

The accompanying Schedule of Federal Awards presents grant expenditures which are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Description of Programs

Title II

It is the purpose of this program to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:
Continued

Description of Programs, Continued

Title II-A

Title II-A of the Act is the Adult Training Program which targets economically disadvantaged adults facing serious barriers to employment who are in special need of such training to obtain productive employment.

Youth Programs (Title II-B & Title II-C)

The purpose of programs assisted under this part is to:

1. Enhance the basic educational skills of youth including the use of remedial programs;
2. Encourage school completion, or enrollment in supplementary or alternative school programs; and
3. Provide eligible youth with exposure to the world of work.

Title II-B

Title II-B of the Act is the Summer Youth Training Program which targets economically disadvantaged youth ages 14-21.

Title IIA (8%)

The primary focus of the 8% grant is to increase the employment potential of youth and hard-to-serve adults who are in need of basic education. Services under this grant are provided in cooperation with the State Department of Education.

Title II-C

Title II-C of the Act is the Year-Round Youth Training Program which targets in-school youth economically disadvantaged, ages 16-21 (or 14-21 if provided for in the job training plan).

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:
Continued

Title III

The Title III program provides funding for displaced and/or dislocated workers who have been terminated or laid off and who are eligible for or have exhausted their entitlement to unemployment compensation.

Incentive Grant

Funds awarded under the JTPA to those service delivery areas who meet at a minimum, the required performance standards. The funds are held at the discretion of the LDOL and distributed at the end of each program year. The funds may be used at the discretion of the SDA with no administrative restraints.

Flood Grant

In response to the Federal Disaster Declaration relating to the devastation caused by the storms of May 8-9, 1996, OPIC has included in its plan of service, National Reserve funds to assist in the clean up of the affected areas in Orleans Parish.

Youth Development

The City of New Orleans provides Community Development Block Grant funds to OPIC to establish a program for economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:
Continued

CDBG, Enterprise, Housing Authority of New Orleans (HANO)

These programs were funded as a cooperative effort between the Orleans Private Industry Council and the City of New Orleans Mayor's Team '96 and HANO to implement an eight week summer employment program for youth between the ages of 14 and 21 years. The Mayor's Team program emphasizes the active promotion of the ethic and skills needed for productive and active citizenship, life skills training, and the development of a strengthened community through use of community service oriented employment. Youth are to work at nonprofit community organizations and government agencies throughout the City. Each project must have a clear benefit to the community as a whole or to the neighborhood in which it is located.

Furniture and Equipment

Furniture and equipment associated with the activities of the Orleans Private Industry Council, Inc. are expensed in the Restricted Fund at the time of purchase, transferred to the Property Fund, and then recorded as assets. These assets are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures costing \$250 or more that significantly extend the useful life of an asset are capitalized.

OPIC follows the practice of capitalizing furniture, and equipment which were acquired with federal funds, although the grant agreement specifies that the title remains with or reverts to the grantor. The recording of the acquired assets in the Property Fund is reflected as a transfer from the Operating Funds to the Property Fund.

Fixed Assets and Related Depreciation

A summary of changes in fixed assets and related depreciation follows:

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1996</u>
Furniture and equipment	\$1,590,296	\$ 57,517	\$-0-	\$1,647,813
Accumulated depreciation	<u>(732,532)</u>	<u>(323,838)</u>	<u>(-0-)</u>	<u>(1,056,370)</u>
Net assets	<u>\$ 857,764</u>	<u>\$ (266,321)</u>	<u>\$-0-</u>	<u>\$ 591,443</u>

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:
Continued

Cash and Cash Equivalents

Cash consists solely of demand deposits fully secured by federal deposit insurance. For purposes of the statement of cash flows, the management of OPIC considers all time deposits and certificates of deposits with a maturity of three months or less to be cash equivalents.

Income Taxes

OPIC is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)3.

Due from (Due to) Other Programs

All inter-fund activities have been recorded as due to or due from other programs and represent expenses paid and liabilities incurred by one program on behalf of another. At June 30, 1996, payables for the CDBG, Enterprise and HANO grants are included in the JTPA program.

Total Columns on Statements

The total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 3 - Questioned Costs:

A. Questioned Costs

Our audit disclosed certain items and/or transactions as questioned costs. The accompanying financial statements have not been adjusted for those questioned cost items. The ultimate resolution or determination as to whether the costs will be allowable or unallowable under the affected grants will be made by the various funding sources and cannot be determined at this time.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 4 - Commitments and Contingencies:

B. Disallowances

The Department of Labor and the City of New Orleans have issued monitoring reports disclosing disallowed costs totaling \$140 and \$33,994, respectively. Pending the final resolution, such amounts have not been recorded as liabilities in the June 30, 1996 financial statements.

The OPIC is a defendant in a lawsuit involving an altercation between two OPIC participants at an outside worksite. One of the participants is seeking damages for injuries sustained as a result of the altercation. This case is in a preliminary stage of discovery and as such a range of potential loss cannot be determined at this time.

OPIC has two other significant operating leases in effect at June 30, 1996. They are as follows:

- The OPIC leases 4,895 square feet of office space at 2026 St. Charles Avenue for an annual rental of \$48,950. This lease is in its final year. In the fourth option year the rent is based on \$10.50 per square foot. Total rent expense under this lease at June 30, 1996 totaled \$35,561.

- The second of these leases is for property located at 7166 Crowder Boulevard. The term of the lease shall be for a period of five years beginning December 1, 1995 and ending November 30, 2000. The rent is based on a \$8.00 per square foot requirement which is equivalent to a \$10,000 monthly payment requirement. Future minimum lease payments approximate \$120,000 per year. A security deposit of \$10,000 was disbursed at the execution of the lease. Total rent expense under this lease totaled \$65,000 at June 30, 1996.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 5 - PENSION PLAN

In December of 1994 the OPIC implemented a tax sheltered annuity plan under section 403(b) of the Internal Revenue Code.

Employees completing full time employment for six consecutive months at December 1, 1994 were eligible to participate. Employees employed after December 1, 1994 must complete 12 months of full time employment to become eligible to participate. Maximum contributions allowed under the Internal Revenue Code are tax deferred to the contributing employee.

OPIC's contribution totaling \$145,105, which was a one time occurrence paid from an Incentive Grant during the prior year, was equivalent to 7.5% of the eligible employees gross earnings from the most recent twelve month period prior to December 1 for each eligible employee.

At June 30, 1996 there were approximately sixteen employees participating in the plan whose contributions are deducted bi-monthly.

NOTE 6 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts have been determined by OPIC using available market information and appropriate valuation methodologies. The OPIC considers the carrying amounts of cash, accounts receivable, grants receivable, and deposits-long-term to be fair value.

NOTE 7 - Depreciation:

During the year ended June 30, 1996 OPIC adopted the straight-line method of depreciating equipment with such method being applied retroactively to equipment acquisitions of prior years. The estimated useful life of such equipment is five (5) years.

The cumulative effect (through June 30, 1995) on the investment in property fund balance amounted to \$732,532. The current effect on the investment in property fund balance totaled \$323,838.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 8 - Due to the Funding Agency:

On September 24, 1996, a judgement was rendered by the Hearing Officer of the State of Louisiana providing that OPIC must reimburse \$2,648 and \$54,842 in non-federal funds to the Louisiana Department of Labor for prior years questioned costs. A reconciliation of these amounts to the financial statement amount is as follows:

June 30, 1993 judgement	\$ 2,648
June 30, 1994 judgement	<u>54,842</u>
Sub-total	57,490
Amount repaid by a service provider to OPIC and credited to JTPA accounts at June 30, 1996	(36,315)
Amount not previously requested for reimbursement by OPIC; amount applied against another grant funds request	<u>(17,178)</u>
Balance due at 06/30/96	<u>\$ 3,997</u>

The \$3,997 has been recorded in the Private/Other Fund as due to the funding agency. The \$5,561, which is recorded in the JTPA Fund represents prior period liabilities and other adjustments.

NOTE 9 - Due to the City of New Orleans and Deferred Costs:

On July 17, 1996 the City of New Orleans advanced from its General Treasury to OPIC the sum of \$92,551 which comprised unpaid wages, attorney's fees, judicial interest, and other costs which were paid by OPIC to its former President. The terms of the agreement required OPIC to reimburse the City of New Orleans no later than December 31, 1996.

On November 13, 1996, the State of Louisiana determined that OPIC shall utilize its annual Incentive Grant funds to liquidate the liability to the City of New Orleans. It was further determined that Incentive Grant funds due OPIC for the year ended June 30, 1996 totaled \$36,276.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
 (A NON-PROFIT ORGANIZATION)
 NOTES TO THE FINANCIAL STATEMENTS,
 (CONTINUED)

NOTE 9 - Due to the City of New Orleans and Deferred Costs, Continued:

The remaining costs of the settlement to the former President, after applying the \$36,276 Incentive Grant funds, approximated \$56,275 which has been recorded as a deferred asset. Such amount includes penalties, wages and post demand interest which per determination by the State Department of Labor are not allowable JTPA costs.

NOTE 10 - Grants Receivable and Revenues:

The management of OPIC and the City of New Orleans are presently involved in a process to reconcile OPIC's grant funds requests and related grant revenues to cost reports maintained and reimbursements made by the City of New Orleans.

The grants receivable amounts and related differences per the City and OPIC's records are as follows:

	<u>Per City</u>	<u>Per OPIC</u>	<u>Difference</u>
JTPA	\$652,785	\$1,082,027	\$429,242
CDBG	144,493	163,138	18,645
Enterprise	<u>121,415</u>	<u>139,039</u>	<u>17,624</u>
Total	<u>\$918,693</u>	<u>\$1,384,204</u>	<u>\$465,511</u>

There are no differences in amounts for Youth Build, HANO and private grant funds receivable.

Management of OPIC has indicated that in their opinion a substantial portion of the difference will be favorably resolved, however due to time constraints an estimate of an appropriate allowance for doubtful accounts at June 30, 1996 has not been determined and recorded.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS,
(CONTINUED)

NOTE 11 - Deferred Credit and Other Revenues:

On July 15, 1996 the State of Louisiana-Department of Labor issued a final determination which provided that \$295,809 of unreimbursed grant fund requests, that were due from the City of New Orleans, could be properly offset against funds due to the State of Louisiana for held checks and outstanding balances in excess of one year for vendor and contractors' invoices. Such amounts have been recorded as a deferred credit until the City of New Orleans and OPIC have resolved the unreimbursed grant funds requests differences as noted in NOTE 10 to the financial statements.

On September 24, 1996 a judgement was rendered by the Hearing Officer of the Louisiana Department of Labor, which provided that prior year costs of \$133,983, representing outstanding balances in excess of one year for vendors and contractors' invoices, has been resolved and is not payable to the State of Louisiana. Such amounts have been recorded as other revenues.

NOTE 12 - Fund Balance - JTPA:

The fund balance for JTPA includes the following:

September 24, 1996 determination by the Hearing Officer of the Louisiana Department of Labor - Other Revenue	\$133,983
Balance of program income	<u>7,677</u>
Total	<u>\$141,660</u>

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1996**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
<u>Major Program</u>			
<u>State of Louisiana</u>			
<u>Funded Grants</u>			
Louisiana Department of Labor			
JTPA II-A	17.246	07/01/95 - 06/30/96	\$1,896,132
JTPA II-B	17.246	07/01/95 - 06/30/96	1,805,677
JTPA II-C	17.246	07/01/95 - 06/30/96	943,497
JTPA III	17.246	07/01/95 - 06/30/96	1,510,819
Incentive	17.246	07/01/95 - 06/30/96	79,809
Flood-Title III	17.246	07/01/95 - 06/30/96	<u>770,203</u>
Total Louisiana Department of Labor			<u>7,006,137</u>
Louisiana Department of Education			
JTPA IIA-8%	17.246	07/01/95 - 06/30/96	189,075
Total State of Louisiana Funded Grants			<u>\$7,195,212</u>

See the Independent Auditors' Report on
Supplementary Information.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1996

<u>Program Title</u>	<u>CFDA Number</u>	<u>Award Period</u>	<u>Expenditures</u>
City of New Orleans and HANO <u>Funded Grants</u>			
Department of Housing and Urban Development:			
Community Development			
Block Grant (CDBG)	14.218	07/01/95 - 06/30/96	\$ 307,025*
CDBG - HANO	14.854	07/01/95 - 06/30/96	112,678
CDBG - Youth Development	n/a	07/01/95 - 06/30/96	<u>16,555</u>
Total Department of Housing and Urban Development			436,258
Enterprise Grant		07/01/95 - 06/30/96	<u>332,568</u>
Total City of New Orleans and HANO Funded Grants			<u>768,826</u>
Total grants			<u>\$7,964,038</u>

*Denotes major program.

See the Independent Auditors' Report on
Supplementary Information.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, Continued
FOR THE YEAR ENDED JUNE 30, 1996
STATE OF LOUISIANA DOL

	TITLE II-A	TITLE II-B	TITLE II-A (%)	TITLE II-C	TITLE III	INCENTIVE GRANT	FLOOD GRANT	TOTAL JTPA
EXPENDITURES, CONTINUED								
Training related and support services:								
Needs based payments	\$ 99,147	\$ -0-	\$ -0-	\$ 45,326	\$ 224,296	\$ -0-	\$ 185,250	\$ 554,019
Training related SYETP-wages	359,782	40,533	19,960	186,816	108,554	-0-	-0-	715,645
Work experience	-0-	864,601	-0-	-0-	-0-	-0-	-0-	864,601
	<u>105</u>	<u>-0-</u>	<u>-0-</u>	<u>22,197</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,302</u>
Total training related and support services	<u>459,034</u>	<u>905,134</u>	<u>19,960</u>	<u>254,339</u>	<u>332,850</u>	<u>-0-</u>	<u>185,250</u>	<u>2,156,567</u>
Total expenditures	<u>1,886,856</u>	<u>1,793,177</u>	<u>187,835</u>	<u>936,064</u>	<u>1,502,365</u>	<u>79,809</u>	<u>745,886</u>	<u>7,131,992</u>
Excess (deficiency) of revenues over expenditures	<u>68,382</u>	<u>12,500</u>	<u>3,867</u>	<u>87,360</u>	<u>8,454</u>	<u>-0-</u>	<u>24,317</u>	<u>204,880</u>
Other changes in fund balances:								
Additions to property and equipment	(4,956)	(12,500)	(560)	(5,213)	(5,674)	-0-	(24,317)	(53,220)
Security deposit	(4,320)	-0-	(680)	(2,220)	(2,780)	-0-	-0-	(10,000)
Total other changes in fund balances	<u>(9,276)</u>	<u>(12,500)</u>	<u>(1,240)</u>	<u>(7,433)</u>	<u>(8,454)</u>	<u>-0-</u>	<u>(24,317)</u>	<u>(63,220)</u>
Fund balance, July 1, 1995	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund balance, June 30, 1996	<u>\$ 59,106</u>	<u>\$ -0-</u>	<u>\$ 2,627</u>	<u>\$ 79,927</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 141,660</u>

See the Independent Auditors' Report on Supplementary Information.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 2, 1996. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

The management of OPIC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of OPIC for the year ended June 30, 1996, we obtained an understanding of the internal control structure.

With respect to the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters that come to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements. The reportable conditions noted are described in the accompanying schedule of reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition entitled Grants Receivable, is a material weakness. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of OPIC for the year ended June 30, 1996.

In connection with our audit, we reviewed the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to those findings. The results of our review with respect to the prior-year reportable conditions are described in the Schedule of Prior Reportable Conditions.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of OPIC in a separate letter dated December 2, 1996.

This report is intended for the information and use of the Board of Directors, management, and regulatory agencies. By provision of state law, this report is a public document, and its distribution is not limited.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 2, 1996

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 2, 1996. We have also audited OPIC's compliance with requirements applicable to its major federal award program, and have issued our report thereon dated December 2, 1996. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether OPIC complied with laws and regulations, non-compliance with which would be material to a major federal award program.

In planning and performing our audits for the year ended June 30, 1996, we considered OPIC's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on OPIC's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated December 2, 1996.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS**
(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

The management of OPIC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories.

Accounting Controls

- o Cash Receipts
- o Cash Disbursements
- o Payroll Management
- o Property Management
- o Receivables
- o Payables
- o Furniture and Equipment

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS
(CONTINUED)**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

General Requirements

- o Political Activity
- o Civil Rights
- o Cash Management
- o Federal Financial Reporting
- o Allowable Costs/Costs Principles
- o Drug Free Workplace Act
- o Administrative Requirements

Specific Requirements

- o Types of Services Allowed or Unallowed
- o Eligibility
- o Matching Level of Effort and/or Earmarking Requirements
- o Special Reporting Requirements
- o Cost Allocation
- o Monitoring of Subrecipients
- o Claims for Advances and Reimbursements
- o Amounts Claimed or Used for Matching
- o Special Tests and Provisions as Applicable

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, OPIC expended 92% of its total federal awards under the Job Training Partnership Act and Community Development Block Grant federal award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to OPIC's major federal award program, which is identified in the accompanying schedule of federal awards. Our procedures were less

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS**

(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect OPIC's ability to administer federal award programs in accordance with applicable laws and regulations. The reportable conditions noted are described in the Schedule of Reportable Conditions starting on page 34 of this audit report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the reportable condition entitled Grants Receivable which involve the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of OPIC's compliance with requirements applicable to its major federal award programs for the year ended June 30, 1996, and this report does not affect our report thereon dated December 2, 1996.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL AWARDS**

(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

In connection with our audit, we reviewed the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to those findings. The results of our review with respect to the prior-year reportable conditions are described in the Schedule of Prior Reportable Conditions.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Orleans Private Industry Council, Inc. in a separate letter dated December 2, 1996.

This report is intended for the information of the Board of Directors, management, and regulatory agencies. However, this report is a matter of public record, and its distribution is not limited.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 2, 1996

SCHEDULE OF REPORTABLE CONDITIONS

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF REPORTABLE CONDITIONS

1. GRANTS RECEIVABLE

We noted during our audit that OPIC had not established an effective internal administrative control procedure to ensure that unreimbursed grant funds requests are properly identified and resolved.

However, we noted that subsequent to June 30, 1996 OPIC has developed procedures to monitor grant funds requests. As such, we recommend that management of OPIC adhere to such established procedures.

Additionally, we noted that at June 30, 1996 a substantial portion of OPIC's grant funds requests were not recorded as a liability by the City of New Orleans at June 30, 1996 or subsequent thereto.

We recommend that OPIC continue to pursue resolution of this matter with management of the City of New Orleans.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF REPORTABLE CONDITIONS
(CONTINUED)

2. INTERNAL CONTROL STRUCTURE

We noted during our audit the following internal control structure deficiencies.

- o Eleven (11) out of eighty-one (81) tested paid invoices and voucher packages did not exhibit approval by appropriate personnel of OPIC; and
- o Six (6) out of eighty-one (81) invoices examined were not properly retained by OPIC. However copies of the invoices were subsequently obtained by OPIC.

We recommend that management of OPIC adhere to established internal control procedures in all respects.

SCHEDULE OF PRIOR REPORTABLE CONDITIONS

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS

1. CASH CONTROLS

For the third consecutive year, the Orleans Private Industry Council, Inc. has experienced serious weaknesses in internal controls over cash. An adequate internal control structure requires that cash is safeguarded at all times.

During our review of OPIC's cash accounts we noted numerous instances of major weaknesses in internal controls relating to cash. These include:

- The Orleans Private Industry Council, Inc. failed to reconcile its participant payroll bank account timely. OPIC has reconciled its June 30, 1995 participant payroll account as of our report date and we were able to perform audit procedures necessary to render an opinion on the cash balances at June 30, 1995.
- There were several instances of checks noted as void on the check register and outstanding on the bank reconciliation which actually cleared the bank;
- Several instances of checks clearing the bank that were not recorded on OPIC's check register;
- Adjustments to the bank balances per the bank reconciliation could not be supported with adequate documentation in several instances;
- Lack of evidence of approval by upper level management on the reconciliation itself.
- Adjustments to reconcile the book balance to the reconciled bank balance were not made timely.
- Checks outstanding for more than one year were still carried as outstanding on the bank reconciliation and OPIC's cash books.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
(CONTINUED)

1. CASH CONTROLS, CONTINUED

Current Status

We noted during our June 30, 1996 audit that OPIC has established effective procedures to ensure that:

- o Bank reconciliations are properly performed on a timely basis and approved; and
- o Checks outstanding for more than one year are properly reclassified.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
(CONTINUED)

2. SECURITIES PLEDGED

The Orleans Private Industry Council did not ensure that adequate securities were pledged to guarantee its deposits in fiscal agent banks, as required by Louisiana Revised Statute (LA-R.S.) 39:1225. Under state law, the market value of securities pledged to collateralize OPIC's deposits in financial institutions must at all times equal 100 per cent of the amount on deposit in excess of federal deposit insurance.

During our audit, we noted that on June 30, 1995 funds on deposit with various financial institutions of OPIC were undersecured by \$116,714. This condition subjects these deposits to unnecessary risks.

Current Status

We noted during our June 30, 1996 audit that OPIC has established procedures to ensure that appropriate collateral is received at all times equal to 100% of the amount on deposit in excess of federal deposit insurance.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
(CONTINUED)

3. **FIXED ASSET AND INVENTORY LISTINGS**

We noted the following internal control weaknesses during our audit of fixed assets:

- o OPIC did not maintain a fixed asset inventory control of fixed assets purchased by service providers, which includes the item purchased, quantity purchased, date of purchase, cost and location.
- o OPIC did not properly tag its current fixed assets purchased during the year ended June 30, 1995. We do acknowledge however, subsequent to our procedures the management of OPIC promptly tagged the outstanding items.

Current Status

We noted during our June 30, 1996 audit that OPIC developed a fixed asset inventory control listing and has properly tagged fixed assets acquired during the current year. However, the inventory control listing should be reconciled to the general ledger. See finding per page 55.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
(CONTINUED)

4. ACCOUNTS PAYABLE BALANCES

The Orleans Private Industry Council has not adequately reviewed its vendor and contracts payable balances as of June 30, 1995.

During our review and analysis of the payable balances at June 30, 1995 we noted the following:

- There were two instances where checks had been held since 1993 totaling \$81,815.
- There were also numerous liability accounts and other adjustments totaling \$487,306 with balances in excess of one year old.

As of June 30, 1995 these items were recorded in the account balance Due To Funding Agency. In addition, OPIC should review its payable and expense accounts timely so that payables and expenses are properly stated in any given period.

Current Status

We noted during our June 30, 1996 audit that OPIC had established adequate procedures to ensure that payable and expense accounts are timely reviewed and properly stated. Additionally, we noted that OPIC had properly liquidated payable balances on a timely basis.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
(CONTINUED)

4. ACCOUNTS PAYABLE BALANCES, CONTINUED

Current Status, Continued

The Due To the Funding Source has been adjusted during the year ended June 30, 1996 as follows:

Balance at 06/30/95	\$569,121
Allowances per determination letter dated July 15, 1996 from the State of Louisiana - Department of Labor	(435,138)
Allowances per judgement dated September 24, 1996 from the State of Louisiana - Department of Labor	<u>(133,983)</u>
Sub-total	-0-
June 30, 1996 adjustments	<u>5,561</u>
Balance at 06/30/96	\$ <u>5,561</u>

We recommend that OPIC take immediate steps to liquidate the outstanding indebtedness to the State of Louisiana.

5. RECORDATION OF ACCOUNTING INFORMATION

During our audit, we noted numerous instances in which accounting information was coded to incorrect general ledger accounts and balance sheet accounts were not analyzed timely. These types of errors could possibly be corrected by reviewing the general ledger and financial statements on a monthly basis. However, since the errors were not corrected, it appears that OPIC's current internal control structure does not facilitate the discovery and correction of errors in a timely manner.

Current Status

We noted during our June 30, 1996 audit that OPIC has developed adequate procedures to ensure that the general ledger and financial statements are reviewed and adjusted on a timely basis.

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARD PROGRAMS**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 2, 1996. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

We have applied procedures to test OPIC's compliance with the following requirements applicable to its federal award program, which is identified in the accompanying Schedule of Federal Awards for the year ended June 30, 1996:

General Requirements

- o Political Activity
- o Civil Rights
- o Federal Financial Reports
- o Administrative Requirements
- o Drug-Free Workplace Act
- o Allowable Costs/
Cost Principles
- o Cash Management

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE
TO FEDERAL AWARD PROGRAMS**

(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on OPIC's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that OPIC had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements which is described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information and use of the Board of Directors, management, and other regulatory agencies. This restriction is not intended to limit the distribution of this report which upon acceptance by OPIC is a matter of public record.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 2, 1996

SCHEDULE OF FINDINGS - GENERAL REQUIREMENTS

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS - GENERAL REQUIREMENTS

1. FEDERAL FINANCIAL REPORTS

We noted during our audit that certain cost reports were not submitted timely by OPIC to the City of New Orleans as required. Specifically, the November, 1995, April, 1996 and June, 1996 cost reports were not submitted to the City of New Orleans within the prescribed timeframe.

We recommend that OPIC adhere to its established procedures and submit cost reports to the City of New Orleans as required.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 2, 1996. We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

Compliance with laws, regulations, contracts, and grants applicable to OPIC is the responsibility of OPIC's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of OPIC's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**
(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

However, we noted certain immaterial instances of noncompliance that are reported in the accompanying schedule of findings and questioned costs.

This report is intended for the information and use of the Board of Directors, management, and other regulatory agencies. This restriction is not intended to limit the distribution of this report which upon acceptance by OPIC is a matter of public record.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 2, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARDS PROGRAMS**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of the Orleans Private Industry Council, Inc. (OPIC), a non-profit organization, as of and for the year ended June 30, 1996 and have issued our report thereon dated December 2, 1996. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

We have also audited OPIC's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; special tests and provisions; cost allocation; monitoring of subrecipients; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal award program, which is identified in the accompanying schedule of federal awards for the year ended June 30, 1996. The management of OPIC is responsible for OPIC's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; 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 Institutions of Higher Education and Other Nonprofit Institutions.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARDS PROGRAMS**

(CONTINUED)

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about OPIC's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, OPIC complied, in all material respects, with the specific requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; cost allocation; monitoring of subrecipients; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal award program for the year ended June 30, 1996.

This report is intended for the information of the Board of Directors, management, and regulatory agencies. This restriction is not intended to limit the distribution of this report which upon acceptance by OPIC is a matter of public record.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 2, 1996

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. SERVICE PROVIDER AUDITS

Questioned Costs

Condition

\$2,433

- o We noted during our audit that six (6) of eighteen (18) service providers who received funds in the 1994-1995 year (June 30, 1995 and December 31, 1995 year ends) did not have a financial and compliance audit performed.
- o We noted that OPIC still had not received audit reports from the nine (9) out of twenty-eight (28) and one (1) of twenty-four (24) providers noted in the June 30, 1995 audit report. Furthermore, four (4) of the nine (9) providers were funded in the 1995-1996 audit periods.
- o We noted that two (2) service providers' audit reports for prior years disclosed questioned costs totaling \$31,345 and \$2,433, respectively. OPIC has appropriately resolved the questioned costs totaling \$31,345. However, OPIC had not addressed the questioned costs noted in the remaining audit report until September, 1996.

Cause

OPIC has not adhered to its established policy of ensuring that sub-recipient audits are performed on a timely basis.

Also, OPIC has not adhered to its established policy of ensuring that questioned costs disclosed in audit reports are resolved on a timely basis.

Effect

OPIC has failed to properly enforce the requirement that service providers receiving federal funds in excess of \$25,000 or more should have an audit performed in accordance with OMB A-128 or OMB A-133. Also, OPIC has failed to timely resolve questioned costs noted in a service provider's audit report.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

1. SERVICE PROVIDER AUDITS, CONTINUED

Criteria

OMB Circular A-133 "Audits of Institutions of Higher Education and Other Nonprofit Institutions" requires a recipient that received a Federal award and provides \$25,000 or more of it during its fiscal year to a subrecipient to:

- a. Ensure that all qualifying nonprofit institution's subrecipients that receive \$25,000 or more have met the audit requirements of OMB Circular A-133, and that all public sector subrecipients that receive \$25,000 or more have met the audit requirements of OMB Circular A-128;
- b. Ensure that subrecipients take appropriate corrective action within six months after the primary recipient's receipt of the subrecipient's audit report in instances of noncompliance with Federal laws and regulations;
- c. Consider whether subrecipient audits necessitate adjustment of the recipient's own records.

Recommendation

We recommend that OPIC ensure that independent audits of service providers are performed, audit reports are reviewed, desk reviews of independent audit reports are performed to determine compliance with OMB Circulars A-133 or A-128, and corrective action is taken for instances of noncompliance within six months after receipt of audit reports.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

2. SUBRECIPIENT MONITORING

Questioned Costs

Condition

\$-0-

We noted during our June 30, 1996 audit that four (4) service providers who received JTPA funds totaling \$83,023, were not programmatically monitored.

Cause

The monitoring unit has indicated that the monitoring will be performed at a later date.

Effect

OPIC has not adhered to established procedures.

Criteria

OMB Circular A-110, Subpart C, Section 51 stipulates that recipients shall monitor subawards to subrecipients.

Recommendation

We recommend that OPIC follow their established procedures to ensure that each subrecipient is adequately monitored.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

**3. DOCUMENTATION OF
PARTICIPANT ELIGIBILITY**

Questioned Costs

Condition

\$-0-

During our audit, we tested fifty-five participant files and costs for eligibility and completeness. Based upon our review and testing of the participant files we noted the following:

- o There were three (3) instances whereby the form acknowledging receipt of grievance and complaint procedures was not included in the participant's folder;
- o There were three (3) instances in which the Individual Service Strategy (formerly, Employment Development Plan) was not included in the participant's folder;
- o There was one (1) instance in which the verification of a selective service registration could not be located in the participant's file;
- o There was one (1) instance, whereby the in-take form was not located and another instance whereby it was incomplete; and
- o There were two (2) instances whereby verification of prescribed information per the in-take form was not performed.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

**3. DOCUMENTATION OF
PARTICIPANT ELIGIBILITY, CONTINUED**

Cause

It appears that the above mentioned conditions are the result of OPIC not following up on documents noted as missing per the participant file checklist.

Effect

OPIC has not adhered to its established procedures with regard to retaining programmatic documents.

Criteria

Per the Code of Federal Regulations (20 CFR Part 627.425 (c)):

Each recipient and subrecipient shall ensure that records are maintained:

- "of each applicant for whom an application has been completed and a formal determination of eligibility or ineligibility made;
- of each participant's enrollment in a JTPA-funded program in sufficient detail to demonstrate compliance with relevant eligibility criteria attending a particular activity and with the restrictions on the provision and duration of services and specific activities imposed by the Act..."

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

3. DOCUMENTATION OF PARTICIPANT ELIGIBILITY, CONTINUED

Recommendation

We recommend that OPIC strengthen its procedures for maintaining the completeness of participant folders to ensure compliance with eligibility requirements of the JTPA program, as well as, to ensure that missing documents per the file folder checklists are maintained and subsequently obtained.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

4. **FIXED ASSET AND INVENTORY LISTINGS** Questioned Costs

Condition

\$-0-

During the year ended June 30, 1996 and subsequent thereto OPIC compiled a detailed listing of fixed assets purchased from its inception through June 30, 1996. The listing included, among other data, the total costs of the capitalized property. The total costs of the detail was considerably more than the total per the general ledger.

Also, we found no evidence of OPIC conducting a physical inventory of the detailed property listing for the fiscal year.

Cause

We are unable to determine a specific cause for the condition. However, management is aware of the discrepancy and has been working towards the reconciliation.

Effect

A serious weakness in the control and safeguarding of the organization's assets.

Criteria

OMB Circular A-110 subpart C, Section 34 and, La. Rev. Statutes 24:515(B)(1) and 39:324 requires specific accountability and inventory of property.

Recommendation

We recommend that management require the reconciliation of the detail property listing to the general ledger and necessary adjustments be presented to management for approval. In addition, an inventory of property should be conducted and completed as soon as possible and submitted to management for review.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL AWARDS PROGRAM TRANSACTIONS**

To the Board of Directors of
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

We have audited the financial statements of Orleans Private Industry Council, Inc. (OPIC) as of and for the year ended June 30, 1996, and have issued our report thereon dated December 2, 1996. As more fully described in NOTE 10 to the financial statements, the management of OPIC has not recorded an appropriate loss contingency for grant funds due from the City of New Orleans.

In connection with our audit of the financial statements of OPIC and with our consideration of OPIC's internal control structure used to administer federal awards programs as required by OMB Circular A-133, we selected certain transactions applicable to certain nonmajor federal awards programs for the year ended June 30, 1996. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on OPIC's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that OPIC had not complied, in all material respects with those requirements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL AWARDS PROGRAM TRANSACTIONS
(CONTINUED)**

To the Board of Directors
Orleans Private Industry Council, Inc.
(A Non-Profit Organization)

This report is intended for the information of the Board of Directors, management and regulatory agencies. This restriction is not intended to limit the distribution of this report.

Bruno & Tervalon
**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

DECEMBER 2, 1996

STATUS OF PRIOR AUDIT FINDINGS

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the year ended June 30, 1995 contained certain prior year audit findings with questioned costs. Below is the current status of those findings.

	<u>Resolved</u>	<u>Unresolved</u>
1. <u>SERVICE PROVIDER AUDITS</u>		
OPIC had not received service provider audit reports for six (6) and one (1) provider for PY'93 and PY'92, respectively.		X
OPIC has not resolved questioned costs noted in the audit reports for the following service providers:		
-- Youth Development Unlimited, Inc. audit report dated January 26, 1995 disclosed questioned costs totaling \$1,552.	X	
-- Opportunities Industrialization Center audit report dated July 7, 1995 disclosed questioned costs totaling \$2,342.	X	
-- Striving for Excellence audit report dated March 28, 1995 disclosed questioned costs totaling \$136,711.	X	
-- Bayou Technical Training Institute audit report dated December 20, 1994 disclosed questioned costs totaling \$109,590.	X	

The questioned costs relative to this finding totaled \$250,195.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS

Resolved

Unresolved

1. SERVICE PROVIDER AUDITS,
CONTINUED

Current Status

OPIC has not received the service provider audit reports for previous years.

Additionally, on July 15, 1996 the State of Louisiana-Department of Labor indicated that the questioned costs associated with Youth Development, Inc. and Bayou Technical were resolved, with partial resolution being provided for Striving for Excellence. The remaining questioned costs total \$54,907.

On September 27, 1996, the State of Louisiana - Department of Labor determined that \$17,533 had been resolved and that \$37,374 in non-federal funds will be reimbursed to the JTPA program. See the Status of Prior Period Audit Questioned Costs on page 69.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
 (A NON-PROFIT ORGANIZATION)
 STATUS OF PRIOR AUDIT FINDINGS**

Resolved

Unresolved

2. SUBRECIPIENT MONITORING

- o We noted that two of the ten service providers tested did not have fiscal reviews performed by OPIC's monitoring unit at the time of our testing. Also, OPIC's monitoring unit could not locate one of the ten monitoring files chosen for testing. X

- o We also noted that four of the ten service providers tested for monitoring in PY'94 had unresolved questioned costs as follows:
 - Dryades YMCA (Nursing) - monitoring report dated 03/06/95 noted \$3,375 in questioned costs. X

 - Opportunity Industrialization Center (Child-care Development) monitoring report dated 02/24/95 noted \$2,163 in questioned costs. X

 - Youth Development Unlimited, Inc. monitoring report dated 12/19/94 noted \$2,445 in questioned costs. X

 - Palmetto Learning Center - monitoring report dated 12/15/94 disclosed \$1,986 in questioned costs. X

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS**

Resolved

Unresolved

2. SUBRECIPIENT MONITORING,
CONTINUED

The questioned costs relative to these findings totaled \$9,969.

Current Status

On July 15, 1996, the State of Louisiana - Department of Labor resolved the monitoring finding and questioned costs as noted. See the Status of Prior Period Audit questioned costs on page 69.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS

Resolved

Unresolved

3. DOCUMENTATION OF PARTICIPANT ELIGIBILITY
CONTINUED

- o There were three instances in which the form acknowledging receipt of grievance and complaint procedures was not included in the participant's folder. There was also another instance in which the procedures included in the file were not signed by the participant. X

- o There were ten instances in which the Individual Service Strategy (formerly, Employment Development Plan) was not included in the participant's folder. X

Current Status

On July 15, 1996, the State of Louisiana - Department of Labor indicated that OPIC had located the specific documents and \$275 of the questioned costs had been resolved. See the Status of Prior Period Audit questioned costs on page 69.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS

Resolved

Unresolved

4. PROCUREMENT POLICIES

We noted during our test of disbursements that a contract for legal services had an expiration date of June 30, 1994; yet OPIC incurred costs with the attorneys cited in the contract past the contract expiration date. Furthermore, we did not see any evidence of the State of Louisiana-Department of Labor's approval for these services past June 30 of 1994. As such, we have questioned costs of \$36,393.

X

Current Status

On July 15, 1996, the State of Louisiana - Department of Labor allowed the questioned costs of \$36,393. See the Status of Prior Period Audit questioned costs on page 69.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS**

Resolved

Unresolved

5. UNREIMBURSED DISBURSEMENTS

We noted during our review of OPIC's receivable balances that OPIC has disbursed funds for interest, penalties, and late fees which are not allowed under OMB Circular A-122. As such, we have questioned costs of \$24,160.

X

Current Status

On July 15, 1996 and September 27, 1996 the State of Louisiana - Department of Labor allowed \$1,904 and \$5,078, respectively. The balance of \$17,178 was required to be repaid to the Louisiana Department of Labor in non-federal funds. However, the amount was never initially requested for reimbursement and is being reflected at June 30, 1996 as costs of the Private/Other Fund with a respective liability payable to the JTPA program. See the Status of Prior Period Audit Questioned Costs on page 69.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS

	<u>Resolved</u>	<u>Unresolved</u>
6. <u>ACCOUNTS PAYABLE AND HELD CHECKS</u>		

During our review of accounts payable balances we noted that there were approximately two held checks and other outstanding balances in excess of one year for vendor's and contractors' invoices which have not been paid at June 30, 1995.

X

Due to the fact that these payments were recorded as expenses during the periods affected, OPIC has requested reimbursement from the City of New Orleans for these expenses resulting in excess amounts being requested for reimbursement.

X

As such, we have questioned costs of \$569,252.

Current Status

On July 15, 1996 and September 27, 1996 the State of Louisiana - Department of Labor allowed \$435,229 and \$133,892, respectively. The balance of \$131 represents a liability to the State Department of Labor. See the Status of Prior Period Audit Questioned Costs on page 69.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR AUDIT FINDINGS**

Resolved

Unresolved

7. STATE AND CITY
MONITORING REPORTS

The Orleans Private Industry Council, Inc. has not resolved questioned costs disclosed in monitoring reports issued by the City of New Orleans (OETD) and the Louisiana Department of Labor (LDOL). During our audit, we noted questioned costs totaling \$1,629,204 are still unresolved as disclosed in OETD and/or LDOL monitoring reports pertaining to the June 30, 1994 fiscal year.

X

Current Status

On July 15, 1996, the State of Louisiana - Department of Labor determined that the corrective action taken by OIC and related parties was sufficient to resolve the finding. See the Status of Prior Period audit Questioned Costs on page 69.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF PRIOR PERIOD AUDIT QUESTIONED COSTS
FOR THE PERIOD JULY 1, 1993 THROUGH JUNE 30, 1995

<u>DESCRIPTION</u>	<u>AMOUNT OF QUESTIONED COSTS</u>	<u>AMOUNT ALLOWED BY GRANTOR</u>	<u>AMOUNT DISALLOWED BY GRANTOR</u>	<u>AMOUNT PAID BY OPIC</u>	<u>AMOUNT TO BE REPAYED BY OPIC</u>
1. Unallowed costs incurred by service providers	\$ 245,458	\$ 245,458	\$ -0-	\$ -0-	\$ -0-
2. Unsupported costs for staff payroll	18,091	18,091	-0-	-0-	-0-
3. Documentation of participant eligibility	31,698	31,698	-0-	-0-	-0-
4. Documentation for participant payroll	4,714	2,066	2,648	-0-	2,648
5. Unallowed costs incurred by service providers	250,195	212,821	37,374	36,315	1,059
6. Subrecipient monitoring	9,969	9,969	-0-	-0-	-0-
7. Documentation of participant eligibility	434	275	159	-0-	159
8. Procurement policies	36,393	36,393	-0-	-0-	-0-
9. Unreimbursed costs	24,160	6,982	17,178	17,178	-0-
10. Accounts payable and held checks	569,252	569,121	131	-0-	131
11. State and City monitoring reports	1,629,204	1,629,204	-0-	-0-	-0-
TOTAL	\$2,819,568	\$2,762,078	\$ 57,490	\$ 53,493	\$3,997

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
STATUS OF UNRESOLVED CONDITIONS

The prior audit report for the year ended June 30, 1995 contained certain prior year audit findings. Below is the current status of those findings.

<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>CURRENT FINDING PAGE NUMBER</u>
LOUISIANA DEPARTMENT OF LABOR JOB TRAINING PARTNERSHIP ACT GRANTS			
1. Cash Management	x		n/a
2. Service Provider Audits		x	49
3. Documentation of participant eligibility		x	52
4. State and City Monitoring Reports	x		n/a
5. Subrecipient Monitoring		x	51
6. Procurement Policies	x		n/a
7. Unreimbursed Disbursements	x		n/a
8. Accounts Payable and Held Checks	x		n/a

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
DISCLOSURE OF OTHER AUDITS

FINDINGS AND QUESTIONED COSTS - DEPARTMENT OF LABOR

The JTPA Monitoring report of November 13, 1996 disclosed certain findings related to issues concerning contract/procurement, participant files, fiscal records (time sheets), and work sites. The Department of Labor questioned \$140 relative to the noted findings.

FINDINGS AND QUESTIONED COSTS - CITY OF NEW ORLEANS

The City of New Orleans' monitoring report dated October 22, 1996 disclosed certain findings relative to the April, 1995 through July, 1995 cost reports in the Community Development Block Grant, Enterprise and HANO Grants. Such findings resulted in disallowed costs totaling \$33,994 being assessed.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
(A NON-PROFIT ORGANIZATION)
EXIT CONFERENCE

The audit report was discussed at various informal meetings and at an official exit conference attended by:

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

Ms. Cheryl Cramer	--	President/CEO
Mr. Louis Saulny	--	Executive Vice President
Ms. Bridget Depland	--	Vice President for Training/Operations
Ms. Dana Lucas, CPA	--	Chief Financial Officer
Ms. Sabrina Rogers	--	Accounting Supervisor
Mr. Charles Winchester	--	Compliance Manager/EO Officer

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Edward Phillips	--	Senior Manager
Mr. Sean Bruno	--	Audit Senior

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 2, 1996

APPENDIX -
MANAGEMENT'S CORRECTIVE ACTION PLAN



O R L E A N S P R I V A T E I N D U S T R Y C O U N C I L , I N C .

"An Equal Opportunity Employer"

January 13, 1997

Mr. Michael Bruno
Partner
Bruno & Tervalon
650 S. Pierce Street
Suite 203
New Orleans, LA 70119

Dear Mr. Bruno:

Please accept this letter as management of OPIC's official response to your audit findings in conjunction with our June 30, 1996 audit.

Schedule of Reportable Conditions:

1. Grants Receivable - page 34

In an effort to collect outstanding receivable balances we are currently pursuing the reconciliation of grant funds requests and reimbursements with the City of New Orleans. In addition, our Finance Department has established and implemented internal control procedures to properly monitor and document the reimbursement of grant funds requests submitted to the City of New Orleans.

2. Internal Control Structure - page 35

We have recently strengthened our internal control procedures in order to ensure that proper approval is evidenced on all paid invoices and proper documentation is retained in the Finance Department. Additionally, we plan to update our Financial Policies and Procedures Manual in the near future to adequately document our new procedures.

Schedule of Findings - General Requirements:

1. Federal Financial Report - page 44

We have recently strengthened our internal procedures to ensure that all Monthly Costs Reports are submitted to the City of New Orleans on a timely basis.

ADMINISTRATION OFFICE
7166 Crowder Blvd., Suite 104
New Orleans, LA 70127
(504) 242-6742
(504) 242-6775 Fax

CROWDER
Career Opportunity Center
7166 Crowder Blvd., Suite 101
New Orleans, LA 70127
(504) 246-8952
(504) 246-9749 Fax

ST. CHARLES
Career Opportunity Center
2026 St. Charles Avenue, Suite 100
New Orleans, LA 70130
(504) 523-2306
(504) 523-2319 Fax

Schedule of Findings and Questioned Costs:

1. Service Provider Audits - page 49 - 50

The Finance Department has recently implemented procedures to adequately track the due dates of Service Provider audits to ensure that Service Provider audits are performed in a timely manner. In addition, internal controls have been strengthened with respect to the resolution of any questioned costs that may result from the audits.

The \$2,433 questioned costs resulting from a Service Provider audit was completely resolved subsequent to the date of this audit report (December 2, 1996).

2. Subrecipient Monitoring - page 51

OPIC's Compliance Department will follow the established procedures to ensure that adequate monitoring is provided to the subrecipients. We will utilize standardized testing procedures and working papers to provide more effective monitoring of subrecipients.

3. Documentation of Participant Eligibility - page 52-54

As a result of reorganization in the Training and Operations Department, another level of file review has been instituted to avoid the cited findings.

4. Fixed Asset and Inventory Listing - page 55

The Finance Department is in the process of reconciling the detail fixed asset ledger to the general ledger and will make the necessary adjustments. Going forward the detail ledger will be reconciled to the general ledger on a quarterly basis and a physical inventory will be performed annually, or as needed.

Respectfully submitted,



Cheryl Cramer
CEO and President

OFFICIAL
FILE COPY**DO NOT SEND OUT**(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To The Board of Directors
Orleans Private Industry Council, Inc.

We have audited the financial statements of the **Orleans Private Industry Council, Inc. (OPIC)** for the year ended June 30, 1996 and have issued our report thereon dated December 2, 1996.

As part of our audit, we made a study and evaluation of the internal control structure, including applicable internal administrative controls used in administering federal financial assistance programs, to the extent we considered necessary to evaluate the internal control structure as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of OMB Circular A-133.

As indicated to you during the audit exit conference, we became aware of certain matters during our audit that are opportunities for strengthening internal control and operating efficiency. These matters, which were discussed with you, are summarized in this communication for appropriate corrective action.

This letter does not affect our report dated December 2, 1996 on the financial statements of the **Orleans Private Industry Council, Inc. (OPIC)**. This report is solely for the information and use of the Board of Directors, Management, and representatives of the State of Louisiana and the City of New Orleans.

Under provisions of state law, this report is a public document. A copy of the report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 12 1997

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

1. **Grants Receivable and Revenues**

We noted during our June 30, 1996 audit that **OPIC** and the City of New Orleans are presently involved in a process to reconcile **OPIC's** grant funds requests to reimbursements made by the City of New Orleans. Presently, the City of New Orleans records reflect a difference in funds payable to **OPIC** totaling \$465,510.

Due to the magnitude of this difference, we recommend that management of **OPIC** take the necessary time and utilize all available resources to properly resolve this matter. Additionally, we recommend that future grant funds requests be properly monitored and reconciled to payments from the City of New Orleans.

2. **Payments of Disallowed Costs**

We noted during our audit that prior costs incurred by **OPIC** have been disallowed by the State of Louisiana and the City of New Orleans. It was also noted that such disallowed costs is required to be repaid from non-federal funds.

We recommend that management of **OPIC** take immediate steps to develop alternative sources of funding such as Board of Director contributions, fund raising events and private grants to pay such disallowed costs.

3. **Fixed Assets**

We noted during our June 30, 1996 audit that certain non-capitalizable costs were recorded to the related fixed asset account in the general ledger.

We recommend that management of **OPIC** adhere to established procedures in the recordation of amounts to the fixed asset accounts.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, Continued

4. **Employee Receivables**

We noted during our audit that certain employee receivable balances had not been properly liquidated on a timely basis. Such balances are included in the following accounts:

<u>Account number</u>	<u>Description</u>	<u>Balance</u>
1600001	Employee Benefits	\$ 4,778
1630001	Employee Advances	\$ 1,010
1640001	Travel Advances	\$ 2,844

We recommend that management of **OPIC** take immediate steps to liquidate the account balances.

5. **Internal Control Structure**

We noted during our audit the following instances whereby established procedures were not adhered to:

- o Three (3) instances out of eighty-one (81) tested whereby invoices were not properly stamped paid or cancelled to prevent duplicate payments;
- o Ten (10) instances out of thirty (30) tested whereby the personnel action form were not signed by the employee;
- o Certain checks only exhibited the signature of the Chief Financial Officer, in violation of established procedures.

We recommend that management of **OPIC** adhere to established procedures when processing accounting transactions.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, Continued

6. Monitoring Unit

We noted during our audit that the present procedures of the monitoring unit could be improved as follows:

- o The monitoring unit should utilize audit programs to document work performed for programmatic and fiscal reviews;
- o The monitors should sign off and date all workpapers and audit programs; and
- o The monitoring unit should maintain all workpapers which support the results of the reviews in an orderly fashion with references to the applicable steps per the audit program.

We recommend that the monitoring unit consider the previously noted procedures that we feel would enhance the present monitoring process.

7. Service Provider Audits

We noted during our audit that the present procedures for ensuring that audits are performed on applicable subrecipients could be improved as follows:

- o A tracking system should be developed to ensure that all audit reports are received on a timely basis;
- o Management should review the tracking reports on a quarterly basis to ensure that the audit reports are being obtained timely;