

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.

Release Date AUG 1 2 1998

# FINANCIAL AND COMPLIANCE AUDIT

#### **TOGETHER WITH**

#### **INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 1997

## 650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

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#### Bruno CERTIFIED PUBLIC ACCOUNTANTS



MICHAEL B. BRUNO, CPA ALCIDE J. TERVALON, JR., CPA WALDO J. MORE L. JR., CPA

# **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors Multi-Service Center for the Homeless, Inc.

for the Homeless, Inc. (the Center) as of December 31, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have audited the accompanying statement of financial position of Multi-Service Center

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multi-Service Center for the Homeless, Inc. as of December 31, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

#### 650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

# **INDEPENDENT AUDITS' REPORT**, Continued

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 1998 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying schedules of functional expenses and expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Dervaloy

**BRUNO & TERVALON CERTIFIED PUBLIC ACCOUNTANTS** 

June 24, 1998

#### Bruno CERTIFIED PUBLIC ACCOUNTANTS

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#### MULTI-SERVICE CENTER FOR THE HOMELESS, INC. STATEMENT OF FINANCIAL POSITION DECEMBER 31, 1997

ASSETS

Cash	\$ 11,294
Grants receivable (NOTE 3)	81,778
Accounts receivable-employee (less	
allowance for doubtful accounts of	
\$30,173) (NOTES 4 and 11)	-0-
Other assets	4,920
Furniture, equipment and leasehold	
improvements net of accumulated	
depreciation (NOTE 5)	<u>111,147</u>
Total assets	\$ <u>209,139</u>

#### LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	\$ 11,828
Due to the City of New Orleans (NOTES 7 and 11)	44,100
Loan payable to related party (NOTE 6)	<u> </u>
Total liabilities	56,828

#### **CONTINGENCIES AND COMMITMENTS** (NOTES 10 AND 11)

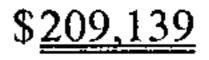
Net Assets: Unrestricted

<u>152,311</u>

Total net assets

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Total liabilities and net assets



152,311

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

#### MULTI-SERVICE CENTER FOR THE HOMELESS, INC. STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 1997

#### **SUPPORT AND REVENUE**

Support:

Grants-Federal passed through the City of New Orleans Grants-City of New Orleans In-kind support (NOTE 8)

Total support

Revenue:

Contributions

Total revenue

\$117,827 107,000 <u>96,782</u>

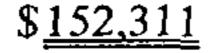
<u>321,609</u>

2,659

2,659

Total support and revenue	<u>324,268</u>
<u>EXPENSES</u> :	
Program services:	
Emergency Shelter Grants (NOTE 13)	197,373
Healthcare for the Homeless (NOTE 13)	18,300
City of New Orleans Grant (NOTE 13)	84,477
Support services:	
Management and general (NOTE 13)	<u>3,253</u>
Total expenses	<u>303,403</u>
Change in unrestricted net assets	20,865
Unrestricted net assets, beginning of	
year as previously reported	77,829
Prior period adjustment (NOTE 12)	<u>    53,617</u>
Unrestricted net assets, beginning of year, as restated	<u>131,446</u>

#### Unrestricted net assets, end of year

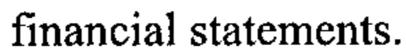


# The accompanying notes are an integral part of these financial statements. 4

#### MULTI-SERVICE CENTER FOR THE HOMELESS, INC. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 1997

<u>Cash Flow from Operating Activities</u> : Change in unrestricted net assets Adjustments to reconcile change in net assets to net cash provided by (used in)	\$ 20,865
operating activities: Depreciation Other	15,265 1,468
<u>Changes in assets and liabilities</u> : Decrease (increase) in:	
Grants receivable Other assets	(51,195) (1,434)
Increase (decrease) in: Accounts payable and accrued liabilities	<u> </u>
Net cash used in operating activities	<u>(14,500</u> )
Cash Flow From Financing Activities: Principal payment on loan payable to related party	<u>(300</u> )
Net cash used in financing activities	<u>(300</u> )
Decrease in cash	(14,800)
Cash, beginning of year	26,094
Cash, end of year	\$ <u>11,294</u>
Supplemental Cash Flow Information: Interest Paid	\$ <u>988</u>

The accompanying notes are an integral part of these



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#### NOTE 1 - <u>Nature of Activities</u>:

The Multi-Service Center for the Homeless, Inc. (the Center) is a nonprofit corporation organized under the laws of the State of Louisiana.

The Center's primary purpose is to offer comprehensive assessment and case planning to the homeless with the goal of empowering them to regain control over their own destiny, and to become self-sufficient and self-advocates.

During the year ended December 31, 1997 the Center administered the following programs and grants:

- o Emergency Shelter Grants -
- o Healthcare for the Homeless Grant
- o City of New Orleans Grant
- o General Fund

Below is a brief description of each program or grant administered:

#### Emergency Shelter Grants

The Emergency Shelter Grants, funded by the U.S. Department of Housing and Urban Development passed through the City of New Orleans, provides funds for essential operation services to assist in alleviating the problem of homelessness in the City of New Orleans.

#### Healthcare for the Homeless Grant

Healthcare for the Homeless Grant, funded by the U.S. Department of Health and Human Services passed through the City of New Orleans, provides funds for primary health services, mental health services and case management services to the homeless in the City of New Orleans.

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#### NOTE 1 - <u>Nature of Activities</u>, Continued:

#### City of New Orleans Grant

The City of New Orleans Grant, funded by the City of New Orleans, provides funds to comprehensively address the needs of homeless individuals and families to empower them to regain control over their lives and restore them to a position of self-sufficiency and dignity.

#### General Fund

The resources are primarily derived from public contributions and are used to fund the operations of **the Center** not directly covered by specific programs or grants administered by **the Center**.

#### NOTE 2 - <u>Summary of Significant Accounting Policies</u>:

#### Principles of Accounting

The financial statements of the Center are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give the **Center** that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Center uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

#### Summary of Significant Accounting Policies, Continued: NOTE 2 -

#### Contributed Services

During the year ended December 31, 1997, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

#### <u>Estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Furniture, Equipment and Leasehold Improvements

Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Furniture, equipment and leasehold improvements are depreciated using the straight-line method.

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#### NOTE 2 - <u>Summary of Significant Accounting Policies</u>, Continued:

#### Financial Statement Presentation

Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Center is required to present a statement of cash flows. As permitted by this new statement, the Center discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required, as applicable.

#### **Contributions**

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of nature of any donor restrictions.

#### Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Furniture, Equipment and Leasehold Improvements

The Center follows the practice of capitalizing all furniture, equipment and leasehold improvements expenditures over \$500. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful life. The estimated useful lives are as follows:

Leasehold improvements15 yearsFurniture and equipment7 years

#### NOTE 2 -<u>Summary of Significant Accounting Policies</u>, Continued:

Fair Value of Financial Instruments

The fair value of financial instruments approximate their carrying value at December 31, 1997.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Total Column on Schedule of Functional Expenses

The total column on the schedule of functional expenses is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

#### NOTE 3 -Grants Receivable

Grants receivable at December 31, 1997 consist of the following:

Emergency Shelter Grant - 010E	\$33,764
Emergency Shelter Grant - 011F	<u>48,014</u>
	\$ <u>81,778</u>

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#### NOTE 4 - <u>Accounts Receivable - Employee</u>:

An Independent Accountant's Report on the application of certain agreed-upon procedures dated September 17, 1996 indicated that checks totaling \$30,173 were made payable to and endorsed by, or on behalf of a **Multi-Service Center** employee. It is management's opinion that these amounts represent unauthorized transactions executed by a former employee of **the Center** and as such have recorded those amounts as due from that former employee. However, due to the uncertainty related to collectibility, an allowance for the entire amount has been established.

Management has instituted legal proceedings to recover funds related to those unauthorized transactions. The most recent correspondence received from federal authorities dated November 21, 1997 indicated that the investigation is still on-going.

NOTE 5 - <u>Furniture, Equipment and Leasehold Improvements</u>:

At December 31, 1997 furniture, equipment and leasehold improvements consisted of the following:

Leasehold improvements Furniture and equipment	\$143,329 <u>39,536</u>
	182,865
Less: accumulated depreciation	<u>(71,718</u> )
Total	\$ <u>111,147</u>

Depreciation expense was \$15,265 for the year ended December 31, 1997.

#### NOTE 6 - Loan Payable to Related Party:

At December 31, 1997 loan payable consisted of an unsecured, non-interest bearing loan with no stated maturity payable to a Board member.

#### NOTE 7 - Due to the City of New Orleans

At December 31, 1997 amounts due to the City of New Orleans consisted of the following:

Unsupported cost reimbursed by the City of New Orleans

\$ 15,649

Unauthorized disbursement of City of New Orleans grant funds by a former **Center** employee

28,451

\$\_44,100

Subsequent to year-end payments in the amount of \$5,000 have been remitted to the City of New Orleans in partial satisfaction of the above liability.

See NOTE 11 for further details.

#### NOTE 8 - <u>In-Kind Support</u>:

For the year ended December 31, 1997, the Center provided in-kind support as required by agreements with the City of New Orleans for the Emergency Shelter Grant Programs in the amount of \$96,782. This in-kind support primarily consist of articles of clothing provided to the homeless supplied to the Center by local retailers recorded at their estimated fair value.

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NOTE 9 - <u>Litigation</u>:

Currently, the Center is involved in litigation to seek recovery of unsupported and unauthorized disbursements of \$30,173 made by a former employee of the Center. These matters have also been referred to the Federal Bureau of Investigation and the District Attorney of New Orleans. The outcome of this litigation and investigation cannot be determined at this time.

#### NOTE 10 - <u>Commitments</u>:

The Center leases its facilities under an operating lease expiring February 28, 2002.

Minimum future rental payments under this lease having remaining terms in excess of one-year as of December 31, 1997 and for subsequent years are as follows:

Year Ended December 31,

1998	\$18,000
1999	18,000
2000	18,000
2001	18,000
2002	<u>3,000</u>

\$<u>75,000</u>

Rental expense for the year ended December 31, 1997 under this lease was \$20,004 which includes an escalating clause in accordance with the Consumer Price Index.

#### NOTE 11 - <u>Contingencies</u>:

The Center is the recipient of various grants and awards of Federal funds passed through the City of New Orleans as well as grants directly from the City of New Orleans. The administration of the programs and activities funded by these grants and awards is under the control of **the Center** and is subject to audit and review by the applicable funding sources or their designee. Any grant or award found not to be properly spent in accordance with the terms, conditions and regulations of the funding source may be subject to recapture.

An independent accountant's report on applying agreed-upon procedures dated September 17, 1996 revealed checks totaling \$30,173 (\$20,182 and \$9,991 in 1995 and 1996; respectively) were made payable to, and endorsed by, or paid on behalf of a **Multi-Service Center** employee (See NOTES 4, 7 and 9). It is management's opinion that these amounts represent unauthorized transactions and as such \$28,451 is due to the City of New Orleans designated for repayment by **the Center**. The difference of \$1,722 represents funds from **the Center's** other revenue sources (non-grant funds).

Additionally, the Center was reimbursed in the amount of \$15,649 during 1996 related to an incorrect cost control statement submitted to the City of New Orleans which was subsequently revised and resubmitted. This amount is classified as a payable to the City of New Orleans resulting from the unearned reimbursement (see NOTE 7).

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#### NOTE 12 - <u>Prior Period Adjustment</u>:

Unrestricted net assets at the beginning of 1997 has been adjusted to properly state the cost of various leasehold improvements, net of accumulated depreciation, to the facilities occupied by **the Center**.

NOTE 13 - Functional Classification of Expenses:

The following represents the expenses of the Center by functional classification.

PROGRAM SERVICES

SUPPORT SERVICES

	<u>Total</u>	Emergency Shelter <u>Grants</u>	Healthcare for the <u>Homeless</u>	City of New Orleans <u>Grant</u>	Management and <u>General</u>
Salaries and wages	\$105,926	\$47,307	\$16,608	\$42,011	\$ -0-
Payroll taxes and					
benefits	9,394	4,216	1,692	3,486	-0-
Professional services	27,353	15,164	-0-	12,189	-0-
Telephone	4,485	3,667	-0-	818	-0-
Occupancy	28,423	25,362	-0-	3,061	-0-
Supplies	3,134	2,388	-0-	746	-0-
Repairs and maintenance	2,698	169	0-	2,529	-0-
Dues and subscriptions	53	-0-	-0-	53	-0-
Other	8,902	2,053	-0-	3,596	3,253
In-kind	96,782	96,782	-0-	-0-	-0-
Penalties and interest	988	-0-	-0-	988	-0-
Depreciation	15,265	265	-0-	<u>15,000</u>	-0-
Total	\$ <u>303,403</u>	\$ <u>197,373</u>	\$ <u>18,300</u>	\$ <u>84,477</u>	\$ <u>3,253</u>

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#### **SUPPLEMENTARY INFORMATION**

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SCHEDULE O FOR THI	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 1997	F FEDERAL AWARDS EMBER 31, 1997	RDS RDS	
B	PASS THROUGH AGEN ORGANIZATION CODE	NNCY CFDA#	BUDGET	<b>GRANT</b> EXPENDITURES
ent of Housing velopment passed ity of New Orleans				
helter Grant-010E helter Grant-011F	7308 7256	14.231 14.231	\$129,000 <u>161,500</u>	\$ 40,980 <u>59,347</u>
			<u>290,500</u>	<u>100,327</u>
ent of Health and ces passed-through w Orleans				
r the Homeless	3633	93.151	17,500	17,500
Total Federal Awards			\$ <u>308,000</u>	\$ <u>117,827</u>
See Independent Auditors' Report		on Supplementary Information	ion.	

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# GRANT

# U.S. Department and Urban Deve through the City Emergency Shel Emergency Shel Emergency Shel Emergency Shel Emergency Shel Human Services the City of New Healthcare for th Healthcare for th

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# HOMELESS, INC. PENSES

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R 31, 1997

#### (Memorandum 9,394 27,353 4,485 28,423 3,134 2,698 288,138 303,403 105,926 8,902 96,782 988 15.265 53 Omly) Total Э Э NEW ORLEANS New Orleans ę 53 3,596 3,061 746 15.000 84.477 42,011 3,486 818 2,529 69,477 12,189 988 CITY OF City of Grant 6 Э AND HUMAN OF HEALTH U.S. DEPT. SERVICES ¢ ¢ ¢ ¢ င်္ဝ င် ę ¢ ¢ 숴 16,608 1,692 18,300 Healthcare 18,300 <u>Homeless</u> for the Э Э ICES 9 H ģ 3 2

tary Information.

See Independent Auditors' Report on Supplement	endent Auditors	See Indep	
\$ <u>140,443</u>	S <u>56,930</u>	\$ <u>3.253</u>	
	265	9	
140,443	56,665	3,253	enses before ation
81,096 -0	1,945 15,686 <u>-0</u> -	3,253	est
	1 945	, , , , , , , , , , , , , , , , , , ,	enance tions
<pre>\$ 32,751 \$ 2,858 7,359 1,782 13,576</pre>	<pre>\$ 14,556 1,358 7,805 1,885 11,786</pre>	မှ ပုံ ပုံ ပုံ က	enefits
U.S. DEPARTMENT OF HOUSIN AND URBAN DEVELOPMENT Emergency Emergency Shelter Shelter Grant 10E Grant 10E	U.S. DEPAR AND URB Emergency Shelter Grant 10E	MANAGEMENT AND GENERAL General Fund	·
PROGRAM SERVI		SUPPORT SERVICES	
-SERVICE CENTER FOR THE F SCHEDULE OF FUNCTIONAL EXP FOR THE YEAR ENDED DECEMBER	VICE CEN CHEDULE OF R THE YEAR	MULTI-SERV SC FOF	

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# Total

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# Depreciation

Penalties and interest Total exper depreciati In-kind Other

Repairs and mainter Dues and subscripti Occupancy Supplies

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Salaries and wages Payroll taxes and ber Professional services Telephone

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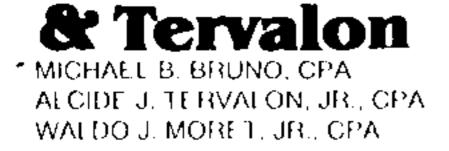
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CERTIFIED PUBLIC ACCOUNTANTS



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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To the Board of Directors Multi-Service Center for the Homeless, Inc.

We have audited the financial statements of **Multi-Service Center for the Homeless, Inc.** (the Center) as of and for the year ended December 31, 1997, and have issued our report thereon dated June 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether **the Center's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.





#### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **the Center's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of **the Center** in a separate letter dated June 24, 1998.

This report is intended for the information of the Legislative Auditor of the State of Louisiana, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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Brung & Jewslon BRUNO & TERVALON

**BRUNO & TERVALON CERTIFIED PUBLIC ACCOUNTANTS** 

#### Bruno CERTIFIED PUBLIC ACCOUNTANTS



#### MULTI-SERVICE CENTER FOR THE HOMELESS STATUS OF PRIOR YEAR FINDINGS

<u>Resolved</u>

Partially <u>Resolved</u>

Section I - Internal Control and Compliance Material to the Financial Statements

<u>96-RC-01</u>

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Record retention, storage and retrieval

<u>96-RC-02</u> General ledger/bank reconciliations Х

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Section II - Internal Control and Compliance Material to Federal Awards

<u>96-AF-01</u>

Unsupported and unauthorized disbursements

<u>96-AF-02</u> Audit requirements - Federal

<u>96-AF-03</u> Cost control statements

<u>96-AF-04</u> Record retention

Section III - Management Letter

<u>96-MLC-01</u> Signing of checks with no amounts

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# MULTI-SERVICE CENTER FOR THE HOMELESS STATUS OF PRIOR YEAR FINDINGS, CONTINUED

	<u>Resolved</u>	Partially <u>Resolved</u>
<u>96-MLC-02</u> Cancellation of vendor's invoices	Χ	
<u>96-MLC-03</u> Checks payable to cash	Χ	
<u>96-MLC-04</u> Maintenance of voided checks	X	

<u>96-MLC-05</u> Payroll taxes

<u>96-MLC-06</u> Supporting documentation

<u>96-MLC-07</u> Untimely submission of audit report

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X (See 97-MLC-01)

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#### MULTI-SERVICE CENTER FOR THE HOMELESS SUMMARY OF INDEPENDENT AUDITORS' RESULTS FOR THE YEAR ENDED DECEMBER 31, 1997

- 1. Type of report issued on the financial statements
- 2. Reportable conditions disclosed in internal control
- 3. Reportable conditions that were material weaknesses
- 4. Instances of noncompliance material to the financial statements

Unqualified opinion

None

Not applicable

None

- 5. Reportable conditions in internal control over major programs
- 6. Reportable conditions in internal control over major programs that were material weaknesses
- Type of report issued on compliance for major programs
- 8. Audit findings required to be reported under 510(a) of OMB Circular A-133
- 9. Major programs
- Dollar threshold use to distinguish between Type A and Type B programs
- 11. Does auditee qualify as a low risk auditee

#### Not applicable

Not applicable

Not applicable

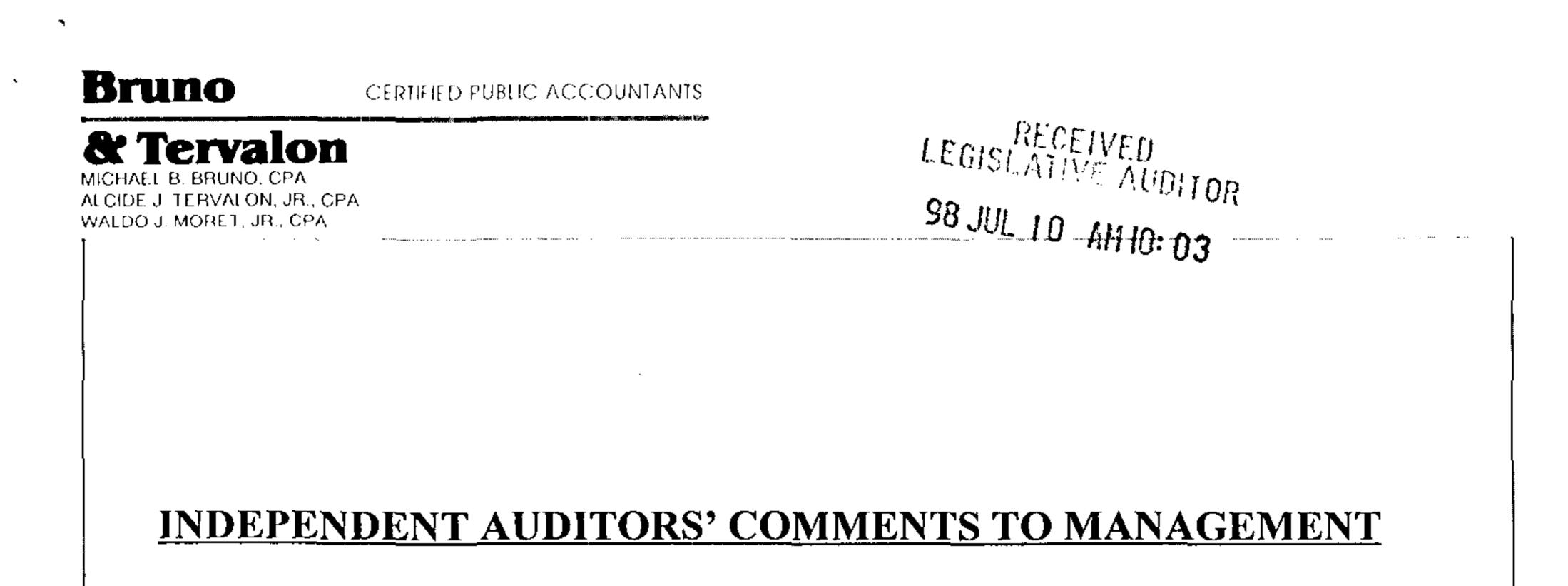
None

None

\$300,000

No





To the Board of Directors Multi-Service Center for the Homeless, Inc.

In planning and performing our audit of the financial statements of Multi-Service Center for the Homeless, Inc. (the Center) for the year ended December 31, 1997, we considered the Center's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening your internal controls and operating efficiency. The following summarizes our comments and suggestions regarding this matter.

#### <u>97-MLC-01 - Outstanding Checks</u>

During the course of the audit we noted that payroll account check number 3156 (dated July 11, 1997) related to remittance of federal income taxes withheld for the month of June 1997 was still outstanding as of December 31, 1997 based on our review of the applicable bank reconciliation. Timely follow-up (30-60 days) was not performed to ascertain the disposition of this check which was subsequently voided and reissued subsequent to year-end inclusive of penalties and interest for delinquent remittance.

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# **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT** (Continued)

#### Recommendation

We recommend that procedures be implemented for timely follow-up on outstanding checks related to remittance of payroll taxes and other outstanding obligations to avoid any unnecessary penalties and related interest charges. Additionally, as specifically related to remittances of payroll taxes, the validated deposit slip for payroll tax remittances should be retained to substantiate timely remittance of payroll taxes withheld.

#### Management's Response

Management will implement procedures to ensure that checks outstanding in excess of sixty (60) days will be investigated and resolved on a timely basis.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

This letter does not affect our report dated June 24, 1998 on the financial statements of the Multi-Service Center for the Homeless, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Center personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

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Bring & Jerroloy BRUNO & TERVALON **CERTIFIED PUBLIC ACCOUNTANTS** 

## Bruno

#### CERTIFIED PUBLIC ACCOUNTANTS

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