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**THE ASSIST AGENCY, INCORPORATED**  
Crowley, Louisiana

**AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

As of and For the Year Ended December 31, 1997

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Release Date ~~DEC 9 1999~~

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# DUNN, ROBERTS, AND COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The ASSIST Agency, Incorporated  
Crowley, Louisiana

We have audited the accompanying statement of financial position of The ASSIST Agency, Incorporated (a nonprofit organization) 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 Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As explained in note 11 to the financial statements, The ASSIST Agency's ownership interest in two partnerships is not recorded in the financial statements. In our opinion, generally accepted accounting principles require that such investments be recorded using the equity method of accounting for investments. Information was not available to determine the effects of the unrecorded investments on the financial statements.

In our opinion, except for the effects of not recording investments, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The ASSIST Agency, Incorporated 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.

In accordance with *Government Auditing Standards*, We have also issued our report dated October 28, 1998, on our consideration of The ASSIST Agency, Incorporated's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The ASSIST Agency, Incorporated taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and 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.

DUNN, ROBERTS, AND COMPANY, LLC  
October 28, 1998

*Dunn, Roberts, and Company, LLC*

**THE ASSIST AGENCY, INCORPORATED**  
**Statement of Financial Position**  
**December 31, 1997**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 26,970
Accounts Receivable	
Grants and Contracts	45,846
Other	3,196
Inventory	63,490
Prepaid Expenses	6,092
Other Current Assets	761
Total Current Assets	<u>146,355</u>
<b>Fixed Assets</b>	
Fixed Assets	42,001
	<u>\$ 188,356</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts Payable	\$ 40,071
Current Portion of Notes Payable	11,642
Accumulated Annual Leave	26,347
Due to Funding Source, Current Portion	49,505
Total Current Liabilities	<u>127,565</u>
<b>Long-term Liabilities</b>	
Long-term Debt, Less Current Portion	56,257
Due to Funding Source, Less Current Portion	11,866
	<u>68,123</u>
	195,688
<b>Net Assets</b>	
Unrestricted Net Assets	(29,846)
Permanently Restricted Net Assets	22,514
	<u>(7,332)</u>
	<u>\$ 188,356</u>

The accompanying notes are an integral part of this statement.

**THE ASSIST AGENCY, INCORPORATED**  
**Statement of Activities**  
**For the Year Ended December 31, 1997**

	<b>Unrestricted</b>
<b>Support and Revenue</b>	
Support:	
Grants and Contracts	\$ 796,979
Contributions	10,000
Other	15,106
Special Events	1,467
	823,552
Revenue:	
Developer Fees	39,000
Management Fees	9,438
Interest Income	999
	49,437
<b>Total Support and Revenue</b>	<b>872,989</b>
 <b>Expenses</b>	
Programs:	
Community Services Block Grant Program	335,966
LIHEAP Energy Assistance Grant Program	325,238
Weatherization Assistance Grant Program	85,750
HUD-McKinney Program-Homeless Grant Program	10,228
Small Programs	19,351
Total Program Services	776,533
Support Services:	
General and Administrative	67,606
	67,606
<b>Total Expenses</b>	<b>844,139</b>
Change in Net Assets	28,850
<b>NET ASSETS, BEGINNING OF YEAR, RESTATED</b>	<b>(\$58,696)</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (29,846)</b>

The accompanying notes are an integral part of this statement.

**THE ASSIST AGENCY, INCORPORATED**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 1997**

**CASH FLOWS USED FOR OPERATING ACTIVITIES**

Change in Net Assets	\$ 28,850
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities	
Increase in Accounts Receivables	(25,159)
Increase in Inventory	(63,490)
Increase in Prepaid Expenses	(6,092)
Increase in Other Current Assets	(761)
Increase in Accumulated Annual Leave	10,439
Increase in Accounts Payable	<u>8,632</u>
<b>Net Cash Used for Operating Activities</b>	<b>(47,581)</b>

**CASH FLOWS USED FOR INVESTING ACTIVITIES**

Purchase of Fixed Assets	(1,200)
--------------------------	---------

**CASH FLOWS PROVIDED BY FINANCING ACTIVITIES**

Proceeds from Notes Payable	66,700
Payments on Notes Payable	(5,408)
Repayment of Amounts Due Funding Sources	<u>(3,506)</u>
<b>Net Cash Provided by Financing Activities</b>	<b><u>57,786</u></b>

NET INCREASE IN CASH	9,005
<b>Cash, Beginning of Year</b>	<u>17,965</u>
<b>Cash, End of Year</b>	<u><u>\$ 26,970</u></u>

The accompanying notes are an integral part of this statement.



**THE ASSIST AGENCY, INCORPORATED**  
**Notes to the Financial Statements**  
**As of and For the Year Ended December 31, 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities:

The ASSIST Agency, Incorporated (formally Acadia-Vermilion Community Action Program, Incorporated) is a nonprofit organization chartered by the State of Louisiana on March 15, 1976. The corporation is recognized by the Internal Revenue Service (IRS) as a tax-exempt organization under 501 (c) (3) of the Internal Revenue code. The primary function of the Agency is to provide services to low-income, handicapped and homeless individuals. Such services included: weatherization assistance, emergency food and shelter, food distribution, low-income housing assistance, energy assistance and other related social services. The Board of Directors govern its operation. Board members receive no compensation for their services.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities, except as indicated in Note 11.

Support and Revenue:

The Agency receives its grants and contract support primarily from the U. S. Department of Health and Human Services, passed through the State of Louisiana, Department of Social Services, Office of Community Services and State of Louisiana, Department of Employment and Training (see Note 2 – Summary of Grants/Contracts Funding). Support received from those grants and contracts is recognized either on a pro-rata basis over a twelve month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. Other revenue and interest income are recognized when earned.

Fixed Assets:

Fixed assets acquired by the Agency are considered to be owned by the Agency. However, State funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$500 or more and an estimated useful life of at least two years. Fixed assets in the amount of \$22,514 represents the total amount of assets purchased with state funding sources.

The remaining fixed assets of \$19,487 represents assets purchased directly by the Agency with funds generated by the Agency, other than state or federal funding sources. The Agency has elected not to depreciate fixed assets over the estimated useful life of the asset.

Functional Allocation of Expenses:

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

Estimates:

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

Continued

**THE ASSIST AGENCY, INCORPORATED**  
**Notes to the Financial Statements - Continued**  
**As of and For the Year Ended December 31, 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes:

The ASSIST Agency is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 1997.

**2. SUMMARY OF GRANTS/CONTRACTS FUNDING**

ASSIST was primarily funded through the following grants and contracts for the year 1997:

U. S. Department of Health and Human Services, passed through Louisiana Department of Employment and Training: Community Services Block Grant	\$337,685
U. S. Department of Health and Human Services, passed through Louisiana Department of Social Services: LIHEAP Energy Assistance Grant	326,597
U. S. Department of Health and Human Services, passed through Louisiana Department of Social Services: Weatherization Assistance Grant	122,356
U. S. Housing and Urban Development, passed through Louisiana Department of Social Services: Homeless Funds Grant	<u>10,341</u>
	<u>\$796,979</u>
	=====

**3. ACCOUNTS RECEIVABLE – GRANTS AND CONTRACTS**

As of December 31, 1997, accounts receivable from grants and contracts was composed of:

Weatherization Assistance Grant	\$23,005
LIHEAP Energy Assistance Grant	21,115
Homeless Funds Grant	<u>1,726</u>
	<u>\$45,846</u>
	=====

**4. INVENTORY**

During the year ended December 31, 1997 the Agency participated in the HUD 203(k) housing renovation program established for the purpose of providing affordable home ownership to eligible individuals. The program requires that the Agency locate property at a reasonable price and submit a proposal which budgets the original acquisition, as well as estimated costs for renovations. The Agency is to locate eligible home owners and arrange for a lease purchase.

The Agency had one property in inventory with an original purchase price of \$35,000, \$28,000 for the structure and \$7,000 for the land. The Agency estimated renovation to amount to \$21,700. Financing was arranged in the amount of \$56,700. Total renovations exceeded estimated amounts by \$6,790 of which the Agency could not finance and was required to pay cash up front. The total cost of the home amounted to \$63,490 and is reflected as inventory in the financial statements at that cost.



**THE ASSIST AGENCY, INCORPORATED**  
**Notes to the Financial Statements - Continued**  
**As of and For the Year Ended December 31, 1997**

**5. CASH**

Under state law, the Agency may deposit funds in demand accounts, interest bearing demand accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1997 the Agency had cash book balances totaling \$ 26,970.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**6. NOTES PAYABLE**

	<u>Balance</u>
At December 31, 1997, The ASSIST Agency, Inc. had a balance of \$6,880 on a 90 day note from a local bank. The note bore an interest rate of 9.4% and was due on demand.	\$6,880
On August 10, 1997, the Agency finalized financing on the home, purchased and renovated to provide affordable home ownership to an eligible person (SEE NOTE 4). The original loan was secured through One Step Forward Mortgage Company but was later sold to Malone Mortgage Company. The original amount financed was \$56,700 over 30 years at an annual interest rate of 9.5% per annum. The mortgage payable was secured by inventory.	56,616
During the year ended December 31, 1997, The Louisiana Workers' Compensation Corporation conducted an audit of the year 1994 and determined an underpayment in the amount of \$8,806. On July 1, 1997 the Agency agreed to pay \$717 monthly over a twelve month period.	<u>4,403</u>
<b>Total Notes Payable</b>	67,899
<b>Less Current Portion</b>	<u>11,642</u>
<b>Long-term Portion of Notes Payable</b>	\$56,257 =====

Maturities by year are as follows:

1998	\$11,642
1999	393
2000	433
2001	475
2002	523
2003	575
Thereafter	<u>53,858</u>
	\$67,899 =====

**7. ANNUAL VACATION AND SICK LEAVE**

Employees earn from twelve to eighteen days each of annual and sick leave each year, depending on their length of service. Also, employees are allowed to accumulate approved overtime in a compensation bank. Upon termination, employees are paid for unused annual leave for a maximum of fifteen days and the amount accumulated in the overtime compensation bank at a rate of pay computed as an average hourly rate of their three highest years of employment. Sick leave is not paid upon termination. Annual leave accumulated during the year amounted to \$10,439. The resulting liability at year end amounted to \$26,347.

**THE ASSIST AGENCY, INCORPORATED**  
**Notes to the Financial Statements - Continued**  
**As of and For the Year Ended December 31, 1997**

**8. IN-KIND CONTRIBUTIONS**

The Agency receives in-kind contributions from volunteers (buildings and property) and volunteer services of residents. These in-kind contributions have not been included in the financial statements.

**9. DISALLOWED COSTS AND AMOUNTS DUE FUNDING SOURCE**

	<u>Balance</u>
During 1995, the State of Louisiana Office of Labor conducted a review, which resulted in \$15,455.35 of disallowed costs due to the State of Louisiana. An installment plan was set forth to allow repayment over a period of time, with a monthly payment of \$658.	\$7,894
During 1997 the Agency negotiated with the Department of Health and Human Services to repay an overpayment from the program year 1994, associated with the Head Start Program. The Agency has agreed to repay a total of \$23,736 in monthly payments of \$773.	21,142
During 1996 the Agency had amounts due totaling \$32,335 to the U. S. Department of Housing and Urban Development for unused grant proceeds for Section 8 Housing Assistance.	<u>32,335</u>
<b>Total Disallowed Costs and Amounts Due Funding Source</b>	<u>61,371</u>
<b>Less Current Portion</b>	<u>49,505</u>
<b>Long-term Disallowed Costs and Amounts Due Funding Source</b>	<u>\$11,866</u> =====

Maturities by year are as follows:

1998	\$49,505
1999	9,276
2000	<u>2,590</u>
	<u>\$61,371</u> =====

**10. PRIOR PERIOD ADJUSTMENTS**

During 1997 the Louisiana Workers' Compensation Corporation conducted an audit for the year 1994. It was determined that \$8,806 was additionally owed for complete and accurate workers' compensation coverage for the year 1994. The net assets as of January 1, 1997 have been decreased by \$8,806 to reflect the additional expense incurred for the prior period.

During the year 1997 the Agency negotiated with the Department of Health and Human Services to repay an overpayment from the program year 1994, associated with the Head Start Program. The Agency has agreed to repay a total of \$23,736. The net assets as of January 1, 1997 have been decreased by \$23,736 to reflect the reduction in grant revenues received for the year 1994.

The Agency has elected to accrue accumulated annual leave and overtime compensation. At December 31, 1996 the Agency determined the resulting liability was \$15,908. The net assets as of January 1, 1997 have been decreased by \$15,908 to reflect the additional expenses incurred for the prior period.

**THE ASSIST AGENCY, INCORPORATED**  
**Notes to the Financial Statements - Continued**  
**As of and For the Year Ended December 31, 1997**

**11. OWNERSHIP INTEREST IN LIMITED PARTNERSHIPS**

On December 15, 1995 the Agency entered into, as a managing general partner, a partnership known as Southwind Apartments, ALPIC. The partnership's stated purpose is that of acquisition, purchase, rehabilitation, construction, ownership and operation of multi-family housing and related facilities situated in Jefferson Davis Parish, Louisiana, which structures together with the land appurtenant thereto, are to constitute a project of housing for use and occupancy of individuals and families of low and moderate income, in accordance with the terms and conditions of the Home Affordable Rental Housing Program. The ASSIST Agency owns 25% of the partnership. On May 9, 1996 the partnership entered into long-term financing for the purpose of constructing an apartment complex situated in Jennings, Louisiana.

On October 23, 1997 the Agency entered into a second partnership, as a managing general partner. The partnership, known as Westfield Apartments, ALPIC, also has a stated purpose of acquiring, purchasing, constructing, owning, and operating multi-family housing and related facilities situated in Jefferson Davis Parish, Louisiana, for occupancy of individuals and families of low and moderate income, in accordance with the terms and conditions of the Home Affordable Rental Housing Program. The ASSIST Agency owns 25% of this partnership. In 1997 the partnership entered into long-term financing for the construction of an apartment complex situated in Welsh, Louisiana.

The Agency receives income monthly from the partnership. For the year ended December 31, 1997 the ASSIST Agency received a total of \$9,438 from Westfield Apartments, ALPIC and Southwind Apartments, ALPIC.

As of December 31, 1997 a fair value of the partnership interest could not be determined and is therefore not included in the balance sheet.

## **SUPPLEMENTARY INFORMATION**

**THE ASSIST AGENCY, INCORPORATED**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 1997**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses a qualified opinion on the financial statements of The ASSIST Agency, Inc., as *information was not available to determine the effects of unrecorded investments on the financial statements.*
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards.* Both conditions are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of The ASSIST Agency, Inc. were disclosed during the audit.
4. One reportable condition disclosed during the audit of the major federal award programs is reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133. The reportable condition is reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for The ASSIST Agency, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for The ASSIST Agency, Inc. are reported in Part C of this Schedule.
7. The programs tested as major programs included:
  - a. Community Service Block Grant Program – CDFA 93.569
  - b. LIHEAP Energy Assistance Grant Program – CDFA 93.568
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The ASSIST Agency, Inc. was determined to be a high-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**REPORTABLE CONDITIONS**

1. Investments in Limited Partnerships

*Condition:* The ASSIST Agency entered into two partnership arrangements, as a managing general partner in each partnership. The partnerships each own a housing facility, designated specifically for low-income individuals. The partnership agreements establish the Agency as a 25% owner in each property. The Agency has not established any accounting policies and procedures to record and maintain the asset, investment in partnerships.

*Criteria:* Accounting policies and procedures should be in place to insure the appropriate recording of assets in the financial statements.

*Effect:* The Agency has ownership in an asset that the value has not been determined and is not reflected in the financial statements.

*Recommendation:* Procedures should be established to insure the appropriate accounting of investments.

*Response:* We concur with the recommendation. Such a procedure will be implemented immediately.

Continued



2. Cash Disbursements

*Condition:* The Agency lacks appropriate internal control over cash disbursements. Currently, one person has authority to approve cash disbursements, issue payment, has control over signature stamps, and reconciles the bank statements.

*Criteria:* Internal controls should be in place to provide for safeguarding of assets, specifically, segregation of responsibilities.

*Effect:* Because one individual has too much control, assets are at risk of being misappropriated.

*Recommendation:* Procedures should be established to segregate accounting duties to insure the appropriate safeguarding of assets.

*Response:* We concur with the recommendation. Such a procedure will be implemented immediately.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

1. Community Service Block Grant Program – CDFA 93.569 – Grant No. CFMS515105 – Grant Period: 01/01/97 through 12/31/97.

LIHEAP Energy Assistance Grant Program – CDFA 93.568 – Grant No. CFMS514706 – Grant Period 01/01/97 through 12/31/97.

Weatherization Assistance for Low-Income Persons Grant Program – CDFA 93.568 – Grant No. CFMS515912 – Grant Period 04/01/97 through 03/31/99.

*Reportable Condition:* As discussed in B2, one individual has excessive accounting control of the cash disbursement function. Because of the lack of adequate control over the cash disbursement function, expenditures of federal awards could be inappropriately disbursed without the approval or knowledge of management. Procedures should be implemented requiring appropriate segregation of accounting responsibilities.

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

To the Board of Directors of  
The ASSIST Agency, Inc.

We have audited the financial statements of The ASSIST Agency, Inc. (A nonprofit organization) as of and for the year ended December 31, 1997, and have issued our report thereon dated October 28, 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 ASSIST Agency'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 instances of noncompliance that are required to be reported under *Government Audit Standards* and which are described in the accompanying schedule of findings and questioned costs as items B1 and B2. We noted certain immaterial instances of noncompliance, which we have reported to management of The ASSIST Agency, Inc. in a separate letter dated October 28, 1998.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered The ASSIST Agency'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect The ASSIST Agency's ability to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items B1 and B2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider both findings to be material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to management of The ASSIST Agency, Inc. in a separate letter dated October 28, 1998.

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

DUNN, ROBERTS, AND COMPANY, LLC  
October 28, 1998

*Dunn, Roberts, and Company, LLC*

# DUNN, ROBERTS, AND COMPANY, LLC

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
The ASSIST Agency, Inc.

### Compliance

We have audited the compliance of The ASSIST Agency, Inc. (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 1997. The ASSIST Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The ASSIST Agency's management. Our responsibility is to express an opinion on The ASSIST Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The ASSIST Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The ASSIST Agency's compliance with those requirements.

In our opinion, The ASSIST Agency, Inc. complied, in all material respects, with the requirement referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item C1.

### Internal Control Over Compliance

The management of The ASSIST Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The ASSIST Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect The ASSIST Agency's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item C1.

*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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited 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 over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider it to be a material weakness.*

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

DUNN, ROBERTS, AND COMPANY, LLC  
October 28, 1998

*Dunn, Roberts, and Company, LLC*

**THE ASSIST AGENCY, INCORPORATED**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 1997**

Federal Grantor/Pass-through Grantor Program Title	Federal CDFA Number	Pass-through Number	Federal Disbursements/ Expenditures
<u>U. S. Department of Health and Human Services</u>			
Passed through Louisiana Department of Employment and Training: Community Service Block Grant	93.569	CFMS515105	\$337,685
Passed through Louisiana Department of Social Services: LIHEAP Energy Assistance	93.568	CFMS514706	326,597
Weatherization Assistance for Low- Income Persons	93.568	CFMS515912	<u>122,356</u> 786,638
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Louisiana Department of Social Services: McKinney Program-Homeless Funds	14.231	CFMS524264	<u>10,341</u>
<b>TOTAL</b>			<b>\$796,979</b> =====

**NOTE A-BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The ASSIST Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**THE ASSIST AGENCY, INCORPORATED**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 1997**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1996 – Finding Number 1: Community Service Block Grant Program, CFDA 93.569

*Condition:* This finding was a reportable condition stating that approval for payment of travel advances was not adequately transacted. Specifically, travel reimbursement documentation was not properly approved by authorized members of management.

*Recommendation:* The auditor recommended that no reimbursements be issued until a completed voucher has been submitted and approval made by authorized members of management.

*Current Status:* The Agency currently has a policy in place that all travel must be approved by supervisors. No similar findings were noted in the 1997 audit.

1996 – Finding Number 2: LIHEAP Energy Assistance Grant Program, CFDA 93.568

*Condition:* Payment of expenses was allocated to various programs based upon approval requisition. The actual invoice was different from the requisition amount due to differences in quantities actually purchased.

*Recommendation:* It was recommended that allocation of expenditures be based upon the actual invoice rather than on purchase order.

*Current Status:* No similar findings were noted in the 1997 audit.

1996 – Finding Number 3: Weatherization Assistance for Low-Income Persons, CFDA 93.568

*Condition:* Late charges and interest are allowable under the program. A purchase was made and payment was submitted delinquent, resulting in finance charges being added to the account.

*Recommendation:* No finance charges and late payment fees may be charged to the federal programs.

*Current Status:* No similar findings were noted in the 1997 audit.

# DUNN, ROBERTS, AND COMPANY, LLC

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MEMBERS  
Robert G. Dunn, CPA, LLC  
Sara A. Roberts, CPA, APAC

901 Lakeshore Drive  
Suite 404  
Phone (318) 497-1493  
Facsimile (318) 493-3104

To the Board of Directors and  
Mr. Bobby C. Smith  
The ASSIST Agency, Inc.

In planning and performing our audit of the financial statements of The ASSIST Agency, Inc. for the year ended December 31, 1997, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control 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 internal control that, in our judgment, could adversely affect The ASSIST Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Periodically, payroll checks are issued in advance of the designated payroll date. Payroll tax deposits are required to be made three days after payroll checks are issued. The Agency does not deposit three days after issuance of advance checks. Although insignificant, this could result in payroll tax penalties for failure to deposit payroll taxes timely. A policy should be in place to address appropriate handling of advance issuance of payroll checks and the resulting payroll tax deposit or a policy should be in place to prohibit advance issuance of payroll checks.

The State of Louisiana requires that audits of non-profits, receiving federal financial assistance, be submitted within six months of the year end. The ASSIST Agency, Inc. have no policies and procedures in place to insure the timely filing of audit reports with the State of Louisiana.

A material weakness is a reportable 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 errors or fraud 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.

Our consideration of internal control would not necessarily disclose all matters in internal control 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, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, and others within The ASSIST Agency, Inc.

DUNN, ROBERTS, AND COMPANY, LLC  
October 28, 1998

*Dunn, Roberts, and Company, LLC*



## ASSIST AGENCY

A Self Sufficiency Improvement Support Team

Voice (318) 783-7490 - FAX (318) 783-9353

1708 N. Parkerson Avenue - Crowley, LA 70527-1404 - Post Office Box 1404

State of Louisiana  
Legislative Auditor

The ASSIST Agency, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1997 for issues as noted in our Certified Public Accountant's management letter.

Name and Address of independent certified public accounting firm:

DUNN, ROBERTS, AND COMPANY, LLC  
901 Lakeshore Drive, Suite 404  
Lake Charles, Louisiana 70601

Audit Period: January 1, 1997 through December 31, 1997

The findings as listed in the management letter dated October 28, 1998, issued by our Certified Public Accountant are discussed below.

1. A finding of noncompliance regarding failure to complete the report and submit it to the Louisiana Legislative Auditor within six months of the close of entity's fiscal year end.

*Recommendation:* Procedures should be established to insure that a CPA be engaged to perform the audit prior to December 31, and that it be mutually agreed upon and included in the engagement letter that the audit will be completed on or before May 31 following the close of the fiscal year.

*Action Taken:* We concur with the recommendation, and anticipate that procedures will be in place prior to December 31, 1998 to insure completion and filing of future reports.

2. A finding regarding failure to deposit payroll taxes timely due to issuing payroll checks in advance of the designated payroll date.

*Recommendation:* Procedures and policies be established to address appropriate handling of advance issuance of payroll checks and the resulting payroll tax deposit or a policy should be in place to prohibit advance issuance of payroll checks.

*Action Taken:* We concur with the recommendation, and a policy will be implemented immediately to discontinue the issuance of payroll checks in advance of the designated payroll date.

If the State of Louisiana Legislative Auditor has questions regarding this plan, please call Bobby C. Smith at (318) 783-7490.

Sincerely,

BOBBY C. SMITH,  
Executive Director



# ASSIST AGENCY

A Self Sufficiency Improvement Support Team

Voice (318) 783-7490 - FAX (318) 783-9353

1708 N. Parkerson Avenue - Crowley, LA 70527-1404 - Post Office Box 1404

State of Louisiana  
Department of Employment and Training

The ASSIST Agency, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1997.

Name and Address of independent certified public accounting firm:

DUNN, ROBERTS, AND COMPANY, LLC  
901 Lakeshore Drive, Suite 404  
Lake Charles, Louisiana 70601

Audit Period: January 1, 1997 through December 31, 1997

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

## B. FINDINGS – FINANCIAL STATEMENT AUDIT REPORTABLE CONDITION

### 1. Investments in Limited Partnerships

*Recommendation:* Procedures should be established to insure the appropriate accounting of investments.

*Action Taken:* We concur with the recommendation, and have engaged our CPA to assist in drafting accounting policies and procedures to accurately account for investments.

### 2. Cash Disbursements

*Recommendation:* Procedures should be established to segregate accounting duties to insure the appropriate safeguarding of assets.

*Action Taken:* We concur with the recommendation, and have engaged our CPA to assist in drafting accounting policies and procedures to provide for segregation of accounting duties.

## C. FINDING – FEDERAL AWARD PROGRAMS AUDITS U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Community Service Block Grant Program – CDFA 93.031 – Grant No. 97N0039 – Grant Period: 01/01/97 through 12/31/97.

LIHEAP Energy Assistance Grant Program – CDFA 93.568 – Grant No. CFMS514706 – Grant Period: 01/01/97 through 12/31/97.

Weatherization Assistance for Low-Income Persons Grant Program – CDFA 93-568 – Grant No. CFMS515912 – Grant Period: 04/01/97 through 03/31/99.

REPORTABLE CONDITIONS: SEE B2

If the Louisiana Department of Employment and Training has questions regarding this plan, please call Bobby C. Smith at (318) 783-7490.

Sincerely,

BOBBY C. SMITH,  
Executive Director