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**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-25-04

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**National Council of Negro Women
of Greater New Orleans, Inc.**
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the **National Council of Negro Women of Greater New Orleans, Inc. (NCNW of GNO)** (a non-profit corporation) as of June 30, 2003 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of **NCNW of GNO's** management. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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.

Because of the inadequate nature of the accounting records for the year ended June 30, 2003, and ultimate resolution of the issue involving fraud or possible fraud as further discussed in NOTE 6 and Finding Number 2003-12, we were unable to form an opinion regarding the completeness of recorded revenues of \$594,541 and expenses of \$676,045 for the year ended June 30, 2003 and accrued payroll tax obligation of \$87,771 at June 30, 2003.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
National Council of Negro Women
of Greater New Orleans, Inc.
New Orleans, Louisiana
Page 2

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the 2003 accounting records concerning the completeness of revenues, expenses, and accrued payroll tax obligation been adequate, as well as the ultimate resolution of the issue involving fraud or possible fraud, the financial statements previously referred to present fairly, in all material respects, the financial position of **NCNW of GNO** as of June 30, 2003, and the changes in its net assets and its statements of functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2004, except for NOTE 6 and Finding Number 2003-12 as to which the date is August 10, 2004 on our consideration of **NCNW of GNO's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance and reportable conditions, eight of which we consider to be material weaknesses.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 13, 2004, except for NOTE 6 and Finding Number 2003-12,
as to which the date is August 10, 2004

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003**

ASSETS

Cash (NOTES 2 AND 14)	\$ 37,866
Grants receivable (NOTE 9)	49,870
Amounts receivable	943
Land	11,800
Property and equipment, net (NOTE 5)	<u>834,544</u>
 Total assets	 <u>\$935,023</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 9,516
Accrued payroll tax obligation (NOTE 11)	87,771
Note payable (NOTES 5 AND 7)	55,392
Bank overdraft	7,196
Deferred revenue	20,000
Other liabilities	<u>2,816</u>

Total liabilities 182,691

Contingencies and Commitments (NOTES 6 AND 8)

Net Assets:

Unrestricted 752,332

Total net assets 752,332

Total liabilities and net assets \$935,023

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

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003**

Support and Revenues:

Support:

Louisiana Stadium and Exposition	\$ 15,000
Department of Housing and Urban Development	
Pass-through:	
Unity for the Homeless	157,338
United Way	150,210
Federal Pass-through:	
State Department of Health and Human Services - TCA	53,680
State Department of Education	11,247
State Department of Social Services	126,972
New Orleans Legislative Economic Development	15,000
United Way Designations	9,738
Combined Federal Campaign Designations	6,894
Liberty House	409
Other	<u>1,874</u>
Total support	<u>548,362</u>

Revenues:

Interest income	1,320
Other income	40,202
Contributions and donations	<u>4,657</u>
Total revenues	<u>46,179</u>

Total support and revenues 594,541

Expenses:

Program services	535,590
Management and general	<u>140,455</u>
Total expenses	<u>676,045</u>

Change in net assets (81,504)

Net assets, beginning of year, as previously reported 823,844

Adjustment to beginning net assets 9,992

Net assets, beginning of year, as restated 833,836

Net assets, end of year \$752,332

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

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003**

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries and wages	\$373,174	\$ 18,170	\$391,344
Employee benefits and payroll taxes	35,796	1,743	37,539
Office expenses and supplies	19,179	7,671	26,850
Depreciation	-0-	45,204	45,204
Professional services	7,717	26,084	33,801
Postage and printing	273	111	384
Equipment rental, repairs and maintenance	8,212	2,737	10,949
Travel	10,855	3,619	14,474
Telephone	11,107	3,703	14,810
Utilities	8,577	2,859	11,436
Conferences and conventions	289	403	692
Penalties and interest	-0-	2,500	2,500
Interest expense	-0-	622	622
Insurance	20,939	6,980	27,919
Rent	39,472	-0-	39,472
Miscellaneous	<u>-0-</u>	<u>18,049</u>	<u>18,049</u>
Total	<u>\$535,590</u>	<u>\$140,455</u>	<u>\$676,045</u>

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

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

Cash Flows from Operating Activities:	
Change in net assets	\$(81,504)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	45,204
Increase in deferred revenue	20,000
Decrease in other liabilities	(28,713)
Increase in bank overdrafts	7,196
Decrease in other assets	12,386
Increase in grants receivable	(49,870)
Decrease in amounts receivable	44,890
Decrease in accounts payable	(607)
Increase in accrued payroll tax obligation	42,276
Adjustment to beginning net assets	<u>9,992</u>
Net cash provided by operating activities	<u>21,250</u>
Cash Flows from Financing Activities:	
Payments on line of credit	<u>(14,608)</u>
Cash used in financing activities	<u>(14,608)</u>
Cash Flows from Investing Activities:	
Acquisition of furniture and equipment	(4,663)
Other	<u>(5,329)</u>
Cash used in investing activities	<u>(9,992)</u>
Net decrease in cash	(3,350)
Cash, beginning of year	<u>41,216</u>
Cash, end of year	<u>\$ 37,866</u>
Interest paid during the year ended June 30, 2003	<u>\$ 622</u>

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

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Organization:

Background

The **National Council of Negro Women of Greater New Orleans, Inc. (NCNW of GNO)** was established on May 24, 1982. **NCNW of GNO** is a voluntary, non-profit corporation established with the mission to advance the opportunities and the quality of life for African American Women, their families and communities.

As of June 30, 2003, **NCNW of GNO** administered program activities funded by the State of Louisiana Department of Education, Department of Social Services, Department of Health and Human Services, pass-through Total Community Action, Inc., (TCA) Louisiana Stadium and Exposition District, the Department of Housing and Urban Development pass-through Unity for the Homeless, United Way and New Orleans Legislative Economic Development.

NCNW of GNO uses funds received from the Department of Education to provide food for the Day Care Center and the residents of the Emma B. Bromon Liberty House.

The Department of Social Services' funds are used for the FIND Work Program. Also, this program assists recipients in their transition from welfare to work. This program helps promote self-sufficiency and to ensure a better quality of life for families.

The Louisiana Stadium and Exposition funds are used to purchase various supplies and equipment needed for the *Emma B. Bromon Liberty House*.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Organization, Continued:

Background, Continued

NCNW of GNO uses funds received from the Department of Health and Human Services pass-through TCA to administer its Head Start program. The Head Start Program provides assistance to homeless infants, toddlers, and pregnant women in the areas of health, social services, nutrition and mental health.

The United Way funds are used for the Adolescent Mothers Initiative - GED and Literacy Program. This program is designed for pregnant teens and young mothers between the ages of 12 and 21. This is a twelve week program which focuses on prenatal care, parenting skills, self-esteem, self-awareness, child-abuse prevention, GED preparation, job development skills, job placement, and computer skills training.

The HUD funds are used to provide supportive services to adolescent mothers.

Funds received from the New Orleans Legislative Economic Development are used to further the goals of NCNW of GNO.

Income Tax

NCNW of GNO is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

The financial statements of NCNW of GNO are prepared in accordance with accounting principles generally accepted in the United States of America and are prepared on an accrual basis.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued

Basis of Reporting

Under Financial Accounting Standards Board's Financial Accounting Standard (FAS) No. 116, **NCNW of GNO** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value. At June 30, 2003, **NCNW of GNO** received no promises.

FAS No. 117 establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) according to externally (donor) imposed restrictions.

A description of the net asset categories is as follows:

Unrestricted Net Assets

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the social, educational, and cultural missions of **NCNW of GNO** are included in this category.

Temporarily Restricted Net Assets

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Permanently Restricted Net Assets

Permanently restricted net assets are contributions which are required by donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At June 30, 2003, **NCNW of GNO** did not have any temporarily or permanently restricted net assets.

Property and Equipment

Property and equipment purchases exceeding \$500 are capitalized at historical cost. Donated assets are valued at estimated fair value on the date donated. Depreciation is provided over the estimated useful lives of the respective asset on a straight-line basis. **NCNW of GNO** depreciated property and equipment using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	39
Furniture and equipment	7
Automobile	5

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, **NCNW of GNO** considers all investments purchased with an original maturity of three (3) months or less to be cash equivalents. At June 30, 2003, **NCNW of GNO** had no cash equivalents.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Interprogram Activities

Interprogram activities have been eliminated at the combined financial statements level.

Promises to Give

Contributions are recognized when the donor makes a promise to give to **NCNW of GNO** 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 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.

NCNW of GNO 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. At June 30, 2003, the allowance for uncollectible amounts is \$-0-.

Advertising Costs

Advertising costs are charged to operations when incurred. **NCNW of GNO** had no direct-response advertising costs during 2003. Total non-direct response advertising for the year ended June 30, 2003 was \$-0-.

Functional Allocation of Expenses

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

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Contributed Services

Contribution of services is recognized if the services received create or enhance non-financial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 2003 were \$-0-.

Funding

NCNW of GNO receives its primary funding through support from the Department of Housing and Urban Development pass-through Unity for the Homeless, Department of Social Services, Department of Health and Human Services pass-through TCA, and Department of Education.

Totals Memorandum Only

The total column on the statements in the supplementary information section of this report is captioned "Totals Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Fair Value of Financial Instruments:

The carrying amounts of cash, grants receivable, and payables, approximate their fair value because of the short maturities of these items.

NOTE 4 - Risk Management:

NCNW of GNO is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, for which **NCNW of GNO** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 5 - Property and Equipment:

At June 30, 2003, property and equipment consisted of the following:

	Balance July 1, 2002 As Previously Reported	<u>Additions</u>	<u>Retirements</u>	<u>Other</u>	Balance June 30, 2003
Building	\$ 895,301	\$ -0-	\$ -0-	\$ -0-	\$ 895,301
Furniture and equipment	53,924	4,663	-0-	-0-	58,587
Automobile	<u>71,292</u>	<u>-0-</u>	<u>(44,111)</u>	<u>-0-</u>	<u>27,181</u>
Subtotal	1,020,517	4,663	(44,111)	-0-	981,069
Less: accumulated depreciation	<u>(150,682)</u>	<u>(45,204)</u>	<u>46,475</u>	<u>2,886</u>	<u>(146,525)</u>
	<u>\$ 869,835</u>	<u>\$(40,541)</u>	<u>\$ 2,364</u>	<u>\$2,886</u>	<u>\$ 834,544</u>

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 6 - Subsequent Events:

Subsequent to year-end, **NCNW of GNO** has executed contracts with funding sources for grants totaling \$517,277.

Also, on August 9, 2004, management of **NCNW of GNO** found documents located in the office of its previous Executive Director that may involve fraud or possible fraud. The Board of Directors at their August 10, 2004 meeting authorized management to initiate an immediate investigation of the instance.

NOTE 7 - Notes Payable:

At June 30, 2003, note payable consisted of a 10.20% unsecured note payable to a bank maturing on August 28, 2004. Principal and interest payments are \$573.72 per month.

Also, included in notes payable is a non-interest bearing note payable to a Foundation maturing on June 1, 2014 which is secured by **NCNW of GNO's** building with annual payments of \$5,000.

The effect of the interest free loan has not been recorded in the accompanying financial statements. It is management's opinion that the cumulative effect is not material to the combined financial statements.

NOTE 8 - Contingencies and Commitments:

NCNW of GNO is subject to possible examination by regulatory agencies who determine compliance with laws and regulations governing grants provided to **NCNW of GNO**. These examinations may result in required refunds by **NCNW of GNO** to the agencies.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 9 - Grants Receivable:

At June 30, 2003, grants receivable consisted of monies due from the funding sources for costs incurred as follows:

Department of Education	\$ 3,575
Department of Health and Human Services	10,560
Unity for the Homeless	35,725
Other	<u>10</u>
	<u>\$49,870</u>

NOTE 10 - Concentration of Credit Risk:

NCNW of GNO receives all of its revenues from the Department of Education, Department of Social Services, Louisiana Stadium and Exposition District, Department of Health and Human Services as pass-through TCA, Department of Housing and Urban Development pass-through Unity for the Homeless and United Way. If the amount of grant revenues received from the above funding sources do not meet budgeted amounts, **NCNW of GNO's** operating results could be adversely affected. Financial instruments which potentially subject **NCNW of GNO** to concentrations of credit risk, as defined by FAS No. 133, consist principally of cash. At June 30, 2003, **NCNW of GNO** did not have any deposits which exceeded the federal depository insurance limit of \$100,000.

NOTE 11 - Accrued Payroll Tax Obligation:

At June 30, 2003, accrued payroll tax obligation of \$87,771 represents unliquidated tax obligations for federal, social security, medicare, state income tax, state unemployment taxes and associated tax assessments for untimely deposits and tax filings. Also, the amount includes assessments and penalties for outstanding tax returns.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Leases:

NCNW of GNO leases office space under two (2) operating leases both of which are on a month-to-month basis. Rental expense for the year ended June 30, 2003 was \$6,029.

NOTE 13 - Per Diem to Board of Directors:

During the year ended June 30, 2003, no per diem was paid to the Board of Directors in their capacity as directors.

NOTE 14 - Cash:

At June 30, 2003, the carrying amount of NCNW of GNO's cash deposits was \$37,866 and the cumulative collected bank balance was \$65,232. The cumulative collected bank balance is covered by federal depository insurance. Custodial credit risk is the risk that in the event of a failure by the financial institution, NCNW of GNO's deposits may not be returned to it. NCNW of GNO's has no deposit policy for custodial credit risk, and at June 30, 2003, \$-0- of NCNW of GNO's bank balances were exposed to custodial risk.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
**National Council of Negro Women
of Greater New Orleans, Inc.**
New Orleans, Louisiana

Our report on our audit of the financial statements of **NCNW of GNO** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

Our report was qualified because we were unable to resolve issues relating to the completeness of recorded revenues and expenses for the year ended June 30, 2003, the ultimate resolution of the issue involving fraud or possible fraud and accrued payroll tax obligation at June 30, 2003.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) 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 financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly presented in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Exhibits I, II and III) is presented for purposes of additional analysis 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 13, 2004, except for NOTE 6 and Finding Number 2003-12
as to which the date is August 10, 2004

SCHEDULE I

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/Pass Through Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Program funded by the U.S. Department of Health and Human Services :		
Pass through State of Louisiana - Department of Social Services Temporary Assistance for Needy Families	93.558	\$126,972
Pass through State of Louisiana - Department of Health and Human Services Early Head Start Program	93.600	53,680
Program funded by the U.S. Department of Agriculture		
Pass through State of Louisiana - Department of Education Child and Adult Care Food Program	10.558	11,247
<u>Department of Housing and Urban Development (HUD)</u>		
Pass through Unity for the Homeless Supportive Services	14.235	<u>157,338</u>
Total		<u>\$349,237</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of NCNW of GNO and is presented on an accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations.

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003

	STATE OF LOUISIANA				DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		Liberty House	Louisiana Stadium and Exposition
	General Program	Department of Education	Department of Health and Human Services	Department of Social Services	Unity for the Homeless			
	United Way							
ASSETS								
Cash	\$ 20,323	\$ 808	\$ 1,803	\$ 5,008	\$ 1,116	\$ 5,193	\$ 89	
Grants receivable	-0-	3,575	10,560	-0-	35,725	10	-0-	
Amounts receivable	40	-0-	1	1	381	166	-0-	
Interfund receivable	653,992	22,569	77,922	249,352	426,175	16,517	33,347	
Land	11,800	-0-	-0-	-0-	-0-	-0-	-0-	
Property and equipment, net	833,924	-0-	-0-	-0-	-0-	-0-	620	
	\$406,672	\$26,952	\$90,286	\$254,361	\$463,397	\$ 21,886	\$34,056	
Total assets	\$1,520,079							
LIABILITIES AND NET ASSETS (DEFICIT)								
Liabilities:								
Accounts payable	\$ 8,600	\$ -0-	\$ -0-	\$ -0-	\$ 833	\$ -0-	\$ 65	
Interfund payables	752,374	49,338	57,441	202,601	528,303	13,144	19,830	
Notes payable	55,392	-0-	-0-	-0-	-0-	-0-	-0-	
Payroll taxes payable	87,771	-0-	-0-	-0-	-0-	-0-	-0-	
Deferred revenue	-0-	-0-	20,000	-0-	-0-	-0-	-0-	
Other liabilities	-0-	-0-	-0-	-0-	-0-	2,816	-0-	
Bank overdraft	7,196	-0-	-0-	-0-	-0-	-0-	-0-	
Total liabilities	911,333	49,338	77,441	202,601	529,136	15,960	19,895	
Total net assets (deficit)	608,746	(22,386)	12,845	51,760	(65,739)	5,926	14,161	
Total liabilities and net assets (deficit)	\$1,520,079	\$ 26,952	\$90,286	\$254,361	\$463,397	\$21,886	\$34,056	

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF FINANCIAL POSITION, CONTINUED
JUNE 30, 2003

	Center for Disease Control	Housing Opportunities for Persons With Aids	Mental Health	Rays of Hope	Straight Talk	Transportation	Totals (Memorandum Only)
Cash	\$ -0-	\$ -0-	\$ -0-	\$ 936	\$ 137	\$ 1,002	\$ 37,866
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	49,870
Amounts receivable	-0-	1	-0-	-0-	-0-	-0-	943
Interfund receivables	-0-	94,803	373	72,339	-0-	15,688	2,067,945
Land	-0-	-0-	-0-	-0-	-0-	-0-	11,800
Property and equipment, net	-0-	-0-	-0-	-0-	-0-	-0-	834,544
Total assets	<u>\$ -0-</u>	<u>\$94,804</u>	<u>\$373</u>	<u>\$ 73,275</u>	<u>\$ 137</u>	<u>\$16,690</u>	<u>\$3,002,968</u>

ASSETS

LIABILITIES AND NET ASSETS (DEFICIT)

Liabilities:							
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,516
Interfund payables	8,628	63,231	-0-	85,215	14,516	23,326	2,067,945
Notes payable	-0-	-0-	-0-	-0-	-0-	-0-	55,392
Payroll tax obligation	-0-	-0-	-0-	-0-	-0-	-0-	87,771
Deferred revenue	-0-	-0-	-0-	-0-	-0-	-0-	20,000
Other liabilities	-0-	-0-	-0-	-0-	-0-	-0-	2,816
Bank overdraft	-0-	-0-	-0-	-0-	-0-	-0-	7,196
Total liabilities	8,628	63,231	-0-	85,215	14,516	23,326	2,250,636
Total net assets (deficit)	<u>(8,628)</u>	<u>31,573</u>	<u>373</u>	<u>(11,940)</u>	<u>(14,379)</u>	<u>(6,636)</u>	<u>752,332</u>
Total liabilities and net assets (deficit)	<u>\$ -0-</u>	<u>\$94,804</u>	<u>\$373</u>	<u>\$ 73,275</u>	<u>\$ 137</u>	<u>\$16,690</u>	<u>\$3,002,968</u>

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

	STATE OF LOUISIANA					DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
	General Program	United Way	Department of Education	Department of Health and Human Services	Department of Social Services	Unity for the Homeless	Liberty House	Louisiana Stadium and Exposition
SUPPORT AND REVENUES								
Support:								
United Way	\$ 4,327	\$ 145,883	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
State of Louisiana	-0-	-0-	-0-	-0-	-0-	409	16,874	-0-
Grants - Federal pass through	-0-	-0-	11,247	53,680	126,972	-0-	-0-	-0-
Combined Federal Campaign Designations	835	6,059	-0-	-0-	-0-	-0-	-0-	-0-
United Way Designations	-0-	9,738	-0-	-0-	-0-	-0-	-0-	-0-
New Orleans Legislative Economic Development	15,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total support	<u>20,162</u>	<u>161,680</u>	<u>11,247</u>	<u>53,680</u>	<u>126,972</u>	<u>409</u>	<u>16,874</u>	<u>16,874</u>
Revenues:								
Resident revenue	65	-0-	-0-	-0-	-0-	2,344	-0-	-0-
Interest income	-0-	-0-	1,320	-0-	-0-	-0-	-0-	-0-
Contributions and donations	4,431	226	-0-	-0-	-0-	-0-	-0-	-0-
Other income	<u>30,803</u>	<u>6</u>	<u>-0-</u>	<u>-0-</u>	<u>1,239</u>	<u>2,668</u>	<u>400</u>	<u>400</u>
Total revenues	<u>35,299</u>	<u>232</u>	<u>1,320</u>	<u>-0-</u>	<u>1,239</u>	<u>5,012</u>	<u>400</u>	<u>400</u>
Total support and revenues	<u>55,461</u>	<u>161,912</u>	<u>12,567</u>	<u>53,680</u>	<u>128,211</u>	<u>5,421</u>	<u>17,274</u>	<u>17,274</u>
Expenses:								
Program services	106,290	106,025	11,517	32,260	72,689	2,657	2,459	2,459
Management and general	<u>28,254</u>	<u>28,184</u>	<u>3,061</u>	<u>8,575</u>	<u>19,322</u>	<u>706</u>	<u>654</u>	<u>654</u>
Total expenses	<u>134,544</u>	<u>134,209</u>	<u>14,578</u>	<u>40,835</u>	<u>92,011</u>	<u>3,363</u>	<u>3,113</u>	<u>3,113</u>
Change in net assets	<u>(79,083)</u>	<u>27,703</u>	<u>(2,011)</u>	<u>12,845</u>	<u>36,200</u>	<u>2,058</u>	<u>14,161</u>	<u>14,161</u>
Net assets (deficit), beginning of year, as previously reported	677,837	128,953	(20,375)	-0-	15,560	3,868	-0-	-0-
Prior period adjustment	<u>9,992</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net assets (deficit), beginning of year, as restated	<u>687,829</u>	<u>128,953</u>	<u>(20,375)</u>	<u>-0-</u>	<u>15,560</u>	<u>3,868</u>	<u>-0-</u>	<u>-0-</u>
Net assets (deficit), end of year	<u>\$608,746</u>	<u>\$156,656</u>	<u>\$(22,386)</u>	<u>\$12,845</u>	<u>\$51,760</u>	<u>\$5,926</u>	<u>\$14,161</u>	<u>\$14,161</u>

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

	Center for Disease Control	Housing Opportunities for Persons With Aids	Mental Health	Rays of Hope	Straight Talk	Transportation	Totals (Memorandum Only)
SUPPORT AND REVENUES							
Support:							
United Way	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$150,210
State of Louisiana	-0-	-0-	-0-	-0-	-0-	-0-	17,283
Grants - Federal pass through	-0-	-0-	-0-	-0-	-0-	-0-	349,237
Combined Federal Campaign Designations	-0-	-0-	-0-	-0-	-0-	-0-	6,894
United Way Designations	-0-	-0-	-0-	-0-	-0-	-0-	9,738
New Orleans Legislative Economic Development	-0-	-0-	-0-	-0-	-0-	-0-	15,000
Total support	-0-	-0-	-0-	-0-	-0-	-0-	548,362
Revenues:							
Resident revenue	-0-	-0-	-0-	-0-	-0-	-0-	2,409
Interest income	-0-	-0-	-0-	-0-	-0-	-0-	1,320
Contributions and donations	-0-	-0-	-0-	-0-	-0-	-0-	4,657
Other income	-0-	33	-0-	-0-	-0-	2,474	37,793
Total revenues	-0-	33	-0-	-0-	-0-	2,474	46,179
Total support and revenues	-0-	33	-0-	-0-	-0-	2,474	594,541
Expenses:							
Program services	-0-	29	-0-	34	11,509	25	535,590
Management and general	-0-	-0-	-0-	-0-	3,057	-0-	140,455
Total expenses	-0-	29	-0-	34	14,566	25	676,045
Change in net assets	-0-	4	-0-	(34)	(14,566)	2,449	(81,504)
Net assets (deficit), beginning of year, as previously reported	(8,628)	31,569	373	(11,906)	187	(9,085)	823,844
Prior period adjustment	-0-	-0-	-0-	-0-	-0-	-0-	9,992
Net assets (deficit), beginning of year, as restated	(8,628)	31,569	373	(11,906)	187	(9,085)	833,836
Net assets (deficit), end of year	(8,628)	31,573	373	(11,940)	(14,379)	(6,636)	827,203

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

Expenses:	STATE OF LOUISIANA				DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		Louisiana Stadium and Exposition
	General Program	United Way	Department of Education	Department of Health and Human Services	Department of Social Services	Unity for the Homeless	
Salaries and wages	\$ 2,771	\$104,511	\$10,429	\$35,701	\$74,265	\$150,155	\$ -0-
Employee benefits and payroll taxes	19,785	4,808	474	-0-	3,307	7,748	-0-
Office expense and supplies	7,671	5,736	1,165	2,827	3,930	2,870	848
Depreciation	45,049	-0-	-0-	-0-	-0-	-0-	155
Professional services	26,084	467	-0-	176	-0-	7,074	-0-
Postage	111	74	-0-	-0-	111	88	-0-
Equipment rental, repairs and maintenance	5,315	731	-0-	84	-0-	3,605	800
Telephone	2,381	3,965	-0-	-0-	2,170	6,294	-0-
Travel	10,329	2,538	-0-	259	473	792	-0-
Utilities	-0-	-0-	-0-	380	-0-	11,056	-0-
Conferences	403	58	231	-0-	-0-	-0-	-0-
Penalties and interest	2,500	-0-	-0-	-0-	-0-	-0-	-0-
Interest expense	622	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	997	-0-	310	-0-	-0-	26,612	-0-
Rent	2,209	8,053	75	-0-	7,420	21,475	-0-
Other	8,317	3,268	1,894	1,408	335	969	1,310
Total expenses	\$134,544	\$134,209	\$14,578	\$40,835	\$92,011	\$238,738	\$3,363

See Independent Auditors' Report on Supplementary Information.

NATIONAL COUNCIL OF NEGRO WOMEN OF GREATER NEW ORLEANS, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

	Center for Disease Control	Housing Opportunities for Persons With Aids	Mental Health	Rays of Hope	Straight Talk	Transportation	Totals (Memorandum Only)
Expenses:							
Salaries and wages	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 13,512	\$ -0-	\$ 391,344
Employee benefits and payroll taxes	-0-	-0-	-0-	-0-	1,004	-0-	37,539
Office expense and supplies	-0-	29	-0-	34	50	25	26,850
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	45,204
Professional services	-0-	-0-	-0-	-0-	-0-	-0-	33,801
Postage	-0-	-0-	-0-	-0-	-0-	-0-	384
Equipment rental, repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	10,949
Telephone	-0-	-0-	-0-	-0-	-0-	-0-	14,810
Travel	-0-	-0-	-0-	-0-	-0-	-0-	14,474
Utilities	-0-	-0-	-0-	-0-	-0-	-0-	11,436
Conferences	-0-	-0-	-0-	-0-	-0-	-0-	692
Penalties and interest	-0-	-0-	-0-	-0-	-0-	-0-	2,500
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	622
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	27,919
Rent	-0-	-0-	-0-	-0-	-0-	-0-	39,472
Other	-0-	-0-	-0-	-0-	-0-	-0-	18,049
Total expenses	\$ -0-	\$ 29	\$ -0-	\$ 34	\$ 14,566	\$ 25	\$ 676,045

See Independent Auditors' Report on Supplementary Information.



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American Institute of
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Society of Louisiana
Certified Public Accountants

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Paul K. Andoh, Sr., CPA

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

To the Board of Directors
**National Council of Negro Women
of Greater New Orleans, Inc.**
New Orleans, Louisiana

We have audited the financial statements of the **National Council of Negro Women of Greater New Orleans, Inc. (NCNW of GNO)** as of and for the year ended June 30, 2003, and have issued our report thereon dated April 13, 2004, except for NOTE 6 and Finding Number 2003-12, as to which the date is August 10, 2004 which was qualified because we were unable to resolve issues relating to the completeness of recorded revenues and expenses for the year ended June 30, 2003, the ultimate resolution of the issue involving fraud or possible fraud and accrued payroll tax obligation at June 30, 2003. Except as previously discussed, we conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 **NCNW of GNO'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 Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2003-02, 2003-03, 2003-05, 2003-06 and 2003-12.

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 NCNW of GNO'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 judgment, could adversely affect NCNW of GNO's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2003-01 through 2003-04, and 2003-07 through 2003-12.

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 items 2003-01, 2003-02, 2003-04, 2003-07 through 2003-09 to be material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of NCNW of GNO in a separate letter dated April 13, 2004.

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)

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, the Department of Education, the Department of Social Services, Department of Housing and Urban Development, Department of Health and Human Services, United Way, New Orleans Legislative Economic Development and the Louisiana Stadium and Exposition District and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 13, 2004, except for NOTE 6 and Finding Number 2003-12,
as to which the date is August 10, 2004



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

To the Board of Directors
**National Council of Negro Women
of Greater New Orleans, Inc.**
New Orleans, Louisiana

Compliance

We have audited the compliance of the **National Council of Negro Women of Greater New Orleans, Inc. (NCNW of GNO)** 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 its major federal programs for the year ended June 30, 2003. **NCNW of GNO's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of **NCNW of GNO's** management. Our responsibility is to express an opinion on **NCNW of GNO's** compliance based on our audit.

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

(CONTINUED)

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **NCNW of GNO'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 on **NCNW of GNO's** compliance with those requirements.

Our report on the audited financial statements of **NCNW of GNO** was qualified because we were unable to resolve issues relating to the completeness of recorded revenues and expenses for the year ended June 30, 2003, the ultimate resolution of the issue involving fraud or possible fraud and accrued payroll tax obligation at June 30, 2003.

In our opinion, **NCNW of GNO** complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003. 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 Summary Schedule of Findings and Questioned Costs as items 2003-15 and 2003-17.

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

(CONTINUED)

Internal Control Over Compliance

The management of NCNW of GNO is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered NCNW of GNO 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 operation that we considered 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 NCNW of GNO'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 Summary Schedule of Findings and Questioned Costs as items 2003-13, 2003-14, 2003-16 and 2003-17.

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 the 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that of the reportable conditions described above, we consider items 2003-13 and 2003-16 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, Department of Education, the Department of Social Services, Department of Housing and Urban Development, Department of Health and Human Services, United Way, Louisiana Stadium and Exposition District and New Orleans Legislative Economic Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 13, 2004, except for NOTE 6 and Finding Number 2003-12,
as to which the date is August 10, 2004

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
a. Material weakness(es) identified?	Yes
b. Reportable condition (s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of Major Program (s):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Services
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings

Reference Number

2003-01

Criteria

The management of NCNW of GNO is responsible for the maintenance of an effective and efficient internal control over financial reporting.

Condition

The operations of NCNW of GNO's internal control over financial reporting exhibited the following conditions:

- Lack of segregation of duties between the collection and deposit functions. The administrative assistant is responsible for opening the mail, preparing the deposit slips and delivering the deposits to the bank.
- Our review of four (4) cash disbursements revealed two (2) instances where the disbursements were not approved by the Executive Director or designee. Further discussion with management revealed an inconsistent application of the policy to have all disbursements approved by the Executive Director or designee.
- Our review of four (4) cash disbursements revealed four (4) instances where the check was signed by one individual. Further discussion with management revealed an inconsistent application of the policy to have all checks signed by two (2) individuals.
- Based on our request, NCNW of GNO's management was unable to locate bank statements, deposit booklets and any supporting documentation for receipts and disbursements for the month of October 2002.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-01

Condition, Continued

- Our review of four (4) cash receipts revealed four (4) instances where **NCNW of GNO** had not maintained any supporting documentation such as copies of checks or letters to support funds received.
- Our review of **NCNW of GNO's** cash receipts procedure revealed that the **NCNW of GNO** does not maintain a cash receipts log.
- Lack of controls established for credit card purchases. There were several credit cards used during the June 30, 2003 fiscal year to purchase gas. Receipts were not submitted to support the charges. Also, there was no system or documentation in place to support the basis for the purchase.
- Lack of controls for expense reimbursements. There were several instances where the Interim Executive Director/Day Care Center Director was issued a check payable to a grocery store or reimbursement for groceries described as purchased for the Day Care Center or Liberty House. We noted the absence of a system in place to ensure that all items purchased were delivered to and for the benefit of the Day Care Center or Liberty House.
- Lack of controls over vehicle usage. Management did not use a mileage log to document and track the use of its van and was unable to specify how often the van was used for each program.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-01

Condition, Continued

- Our review of NCNW of GNO's office expense account activity for the year ended June 30, 2003 revealed two (2) instances in which the former Executive Director prepared and approved reimbursements payable to herself.
- Our review of twenty-four (24) cash disbursements revealed seventeen (17) instances in which the supporting documentation, such as invoices, could not be located.

Context

Total expenses incurred for the year ended June 30, 2003 was \$676,045.

Effect

A weakened internal control system increases the potential for misappropriation of assets and/or risk factors.

Cause

Size of personnel coupled with lack of adequate oversight and monitoring.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-01

Recommendation

Management should re-evaluate its current internal control with an aim towards enhancement of existing procedures and processes to include greater Board oversight. Management should also consider obtaining an agreement with a local vendor for food purchases. Such purchases should be initiated via an approved purchase order. This would ensure that a verification process could occur comparing items delivered to items ordered and charged for.

Management's Response

Currently, management has obtained a contract with a local vendor for non-produce related items. Management continues to evaluate its internal control processes, and expects resolution by no later than September 30, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-02

Criteria

Federal and State regulations require the timely deposit of payroll taxes (Federal, State, Social Security, and Medicare withholdings and State unemployment taxes) and filing of all required tax reports.

Condition

NCNW of GNO has not filed and/or remitted all required federal, social security medicare and State income tax withholdings.

Also, management has not filed and/or remitted unemployment taxes to the State of Louisiana for certain periods in 2001, 2002 and 2003. As a result, **NCNW of GNO** continues to accrue penalties and interest.

Furthermore, IRS Form 990 for the year ended June 30, 2003, has not been filed by **NCNW of GNO**. The return was due to the IRS on November 15, 2003 without the benefit of extensions.

At June 30, 2003, the potential amount to include penalties and interest recorded in the financials statements totaled \$87,771.

Context

Total taxes outstandings and assessments was \$87,771 at June 30, 2003.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-02

Effect

Continued assessment of penalties and interest and noncompliance with required regulations.

Cause

Failure to cause the timely filing or request for extension in time to file IRS Form 990 return. Also, the lack of an established system in place to ensure the timely filing and deposit of all taxes.

Recommendation

NCNW of GNO should evaluate its current procedures for payment and filing of all required tax returns to ensure the timely filing and payment of taxes. NCNW of GNO should consider outsourcing the payroll function.

Management's Response

Management outsourced the payroll function to Paychex starting February 2004. Paychex is responsible for processing payroll, filing tax returns and remitting tax deposits.

Also, management is exploring ways to liquidate the accrued tax obligation at June 30, 2003. Anticipated resolution date is December 31, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number

2003-03

Criteria

Pursuant to the Louisiana Revised Statute 24:513, all completed engagements are required to be submitted to the Legislative Auditor within six months of close of the entity's year-end.

Condition

The June 30, 2003 audited financial statements and reports for **NCNW of GNO** were not submitted within the timeframe dictated by the Louisiana Revised Statute 24:513.

Context

NCNW of GNO is required to submitted its audited financial statements annually to its funding sources and the Legislative Auditor for the State of Louisiana.

Effect

Noncompliance with the report submission requirements of Louisiana Revised Statute 24:513.

Cause

NCNW of GNO had a change in management, fee accountants and auditors that resulted in the delay in procuring audit services as well as the timely preparation of its financial records.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-03

Recommendation

We recommend that management undertake the necessary action to facilitate the timely submission of its audited financial statements and reports.

Management's Response

Management has undertaken the necessary action to secure the services of an independent auditor to facilitate the submission of its audited report within the required timeline.

Also, management is in the process of finalizing arrangements to ensure the timely and accurate preparation and submission of its financial statements.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-04

Criteria

It is the responsibility of management of **NCNW of GNO** to maintain accurate financial records and participant files.

Condition

Lack of a formal accounting manual affects the financial recordation process. Such a manual will provide management with the necessary guidance and consistency in the application of Board policies and established practices in the operation of the day-to-day financial and related activities of **NCNW of GNO**.

Context

Total expenses for the year ended June 30, 2003 was \$676,045.

Effect

Potential for mismanagement of assets, coupled with the inconsistent application of processes and procedures.

Cause

Lack of established policies and procedures, coupled with the absence of adequate Board oversight.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-04

Recommendation

We recommend that the necessary policies and procedures be established to minimize, if not eliminate, the potential for mismanagement and ensure consistency in the application of policies and procedures.

Also, management should evaluate the need for established policies and procedures in other areas such as personnel, procurement, asset use, conflict of interest, risk management, etc.

Management's Response

Management is in the process of developing a comprehensive Accounting Policies and Procedures Manual that will address policy issues relating to Financial Services, Cost Allocation, Risk Management, Purchasing, and Budgetary Allocation and Control. Management believes that the implementation of these policies will minimize the potential for mismanagement and ensure consistency in applying policies.

The Manual will be drafted in accordance with Generally Accepted Accounting Principles with a focus on Fund Accounting as the majority of the organization's activities are funded by grants and other restricted funding sources. Additionally, the Manual will focus on the implementation of internal controls relating to the organization's chart of account, general ledger, cash receipts and disbursements, cash management, investments, fixed assets, budgeting and liabilities.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-05

Criteria

It is management's responsibility to ensure that procedures are in place for the proper and effective maintenance of personnel files.

Condition

Our review of two (2) personnel files revealed two (2) instances in which the files were missing the appropriate federal (W-4 and I-9) and state (L-4) withholding forms.

Furthermore, our review revealed two (2) instances in which the files were missing the pay rate information to include authorization by either the Board or designee.

Also, management could not locate any personnel files of individuals employed with NCNW of GNO prior to 2003.

Context

Payroll and related fringe cost for the year ended June 30, 2003 was \$428,883.

Effect

Potential for misappropriation of assets involving salary and wage payments at incorrect amounts.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-05

Cause

Inadequate file maintenance system.

Recommendation

We recommend that the necessary policies and procedures be established to minimize, if not eliminate, the potential for mismanagement and ensure consistency in the application of policies and procedures regarding all personnel matters.

Management's Response

Management is in the process of developing a Human Resources "Best Practice" that will address policy issues relating to the management of storage of personnel files and other sensitive documents. Management believes that the implementation of this practice will minimize the potential for mismanagement and ensure consistency in applying policies.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-06

Criteria

The Unity for the Homeless grant agreement states that the recipient must provide a 25 percent cash match for supportive services pursuant to HUD's Appropriations Act.

Condition

NCNW of GNO failed to provide the required 25 percent cash match for the Unity for the Homeless grant.

Context

Total grant award for the year ended June 30, 2003 was \$157,338.

Effect

Noncompliance with the matching requirements of grant award.

Cause

NCNW of GNO has experienced a change in management, coupled with cash flow problems resulting from declining unrestricted funds in its general program.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-06

Recommendation

We recommend that management seek other funding sources to match the 25 percent required by Unity for the Homeless. Also, management should initiate discussions with its funding source to evaluate other ways of matching that may include in-kind contribution.

Management's Response

Management is actively seeking additional funding sources in order to meet the matching requirements of all current grants and contractual agreements. Additionally, management will review current grants and contractual agreements to evaluate the potential for in-kind contributions to be included and counted towards matching requirements. Management is aware that each funding source may possibly differ in its matching requirements.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number

2003-07

Criteria

The management of **NCNW of GNO** is responsible for ensuring the accuracy and completeness of its financial statements.

Condition

Our review of the June 30, 2003 bank reconciliations, revealed several outstanding checks. **NCNW of GNO** did not know how long the checks had been outstanding and did not have a policy in place to write off stale dated checks.

Context

Total outstanding checks at June 30, 2003 was \$16,020.

Effect

Failure to established a stale dated check policy may affect the completeness of **NCNW of GNO's** financial statements reporting. Also, the condition increases the risk of fraudulent activities.

Cause

Lack of an established outstanding check policy.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-07

Recommendation

We recommend that NCNW of GNO establish a stale dated check policy.

Management's Response

Management is in the process of developing a Stale Dated Check Policy. The policy will establish that checks dated past a specific threshold day limit shall be voided and have clearly and prominently imprinted on the face the following notation:

“Void after 90 days from date of issue.”

Additionally, management may record checks that have not been presented for payment within the threshold period as a liability in the accounting records on a periodic basis, and may inform the banks with written authorization to void these checks.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number

2003-08

Criteria

The management of **NCNW of GNO** is responsible for the completeness of its financial statements.

Condition

Our comparison of beginning and ending balances between the two contract accountants for **NCNW of GNO** revealed instances where balances in some of the accounts did not agree. Those accounts included cash, other income, miscellaneous income, and bank charges. Although the beginning and ending balances did not agree, the differences did net to zero.

Context

Not applicable.

Effect

Potential for incomplete financial statements reporting.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-08

Cause

Management changed accountants during the fiscal year.

Recommendation

Management should establish a policy to ensure during the course of any transition of accountants that the beginning account balances agree to the ending balances and if there are any differences, the contract accountant should explain in writing the reason for the differences.

Management's Response

The management of NCNW of GNO has hired an in-house accountant and will ensure that the account balances agree during the transition.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number

2003-09

Criteria

Management of NCNW of GNO is responsible for the completeness of its financial statements.

Condition

At June 30, 2003, fixed assets and related accumulated depreciation was overstated by \$44,111 and \$46,475, respectively.

Context

Total fixed assets at June 30, 2003, net of accumulated depreciation was \$834,544.

Effect

Fixed assets at June 30, 2003, prior to the effect of an audit adjustment, was overstated.

Cause

Lack of a system in place to ensure the accuracy of financial statements prepared by its fee accountant.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-09

Recommendation

We recommend that management of **NCNW of GNO** prepare an asset inventory listing. This listing should be reviewed and updated on an annual basis. The information from this listing should be compared to the information presented in the financial statements to ensure the accuracy of the statements.

In addition, management should request and review monthly financial statements from its fee accountant. Those statements should include an analysis and reconciliation of all major accounts to the respective subsidiary ledgers.

Management's Response

Management has hired an in-house accountant and expects the monthly reconciliation and analysis to be a part of the accountant's responsibility.

Furthermore, monthly financial statements will be presented to the Board. Anticipated resolution date is September 30, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number

2003-10

Criteria

Management is responsible for ensuring the completeness of NCNW of GNO's financial transactions.

Condition

NCNW of GNO failed to properly account for United Way withholdings from employees. Also, a donation of \$3,000 made on June 25, 2003 to the NCNW of GNO to liquidate the withholdings due to United Way, was not recorded in the financial statements at June 30, 2003.

Context

Not applicable.

Effect

Incompleteness of financial statements.

Cause

Lack of established policies and procedures to ensure the timely and accurate recordation of all financial transactions.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-10

Recommendation

We recommend that management develop procedures and policies to ensure that all financial transactions are recorded on a timely basis to ensure the completeness of its financial statements.

Management's Response

Management is currently developing an accounting policy and procedural manual to address the conditions previously described. Anticipated completion date is September 30, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-11

Criteria

It is the management of NCNW of GNO's responsibility to ensure the timely preparation and accuracy of monthly financial statements and other account reconciliations to include bank account reconciliations.

Condition

NCNW of GNO did not have financial statements or bank account reconciliations for January 2004 through the audit fieldwork completion date.

Context

Not applicable.

Effect

Without up to date financial information, NCNW of GNO is unable to assess its cash flow, determine total liabilities and unable to make informed decisions regarding the financial status of NCNW of GNO at any specific date.

Cause

NCNW of GNO had not hired a contract accountant to maintain the financial records.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-11

Recommendation

We recommend that NCNW of GNO hire a contract accountant or a staff accountant as soon as possible.

Management's Response

Management has hired an in-house accountant and expects resolution by no later than September 30, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number

2003-12

Criteria

The management of NCNW of GNO is responsible for establishing and maintaining an effective internal control to ensure compliance with laws, regulations and directives of the Board of Directors.

Condition

Pursuant to the requirements of LSA-R.S. 24:523, NCNW of GNO reported to the Legislative Auditor for the State of Louisiana, an instance involving fraud or possible fraud.

The instance involved the fraudulent cashing of a check in the amount of \$857.20, which appeared to be have been signed and negotiated by an unauthorized checksigner. Subsequent to the discovery, management sought and received full reimbursement from the Bank.

On August 9, 2004, management of NCNW of GNO found certain documents located in the office of its previous Executive Director that may involve fraud or possible fraud.

Context

Total expenses for the year ended June 30, 2003 was \$676,045.

Effect

Misappropriation of assets.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2003-12

Cause

Inadequacy in the access to blank checks.

Recommendation

Management of **NCNW of GNO** should re-evaluate its current procedures regarding access to checks. In addition, management should continue to provide the necessary oversight in all key aspects of **NCNW of GNO's** operations.

We recommend that management immediately initiate an investigation to include the performance of a fraud audit covering the activities of all individuals involved.

Management's Response

Management has established new bank accounts and revised **NCNW of GNO's** authorized checksigners to include procedures involving custody of blank checks.

On August 10, 2004, the Board of Directors of **NCNW of GNO** authorized management to undertake the appropriate action to address the issue involving fraud or possible fraud.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2003-13

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

The management of **NCNW of GNO** is responsible for the maintenance of an effective and efficient internal control over financial reporting.

Condition

The operations of **NCNW of GNO's** internal control over financial reporting exhibited the following conditions:

- Lack of segregation of duties between the collection and deposit functions. The administrative assistant is responsible for opening the mail, preparing the deposit slips and delivering the deposits to the bank.
- Our review of four (4) cash disbursements revealed two (2) instances where the disbursements were not approved by the Executive Director or designee. Further discussion with management revealed an inconsistent application of the policy to have all disbursements approved by the Executive Director or designee.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-13

Condition, Continued

- Our review of four (4) cash disbursements revealed four (4) instances where the check was signed by one individual. Further discussion with management revealed an inconsistent application of the policy to have all checks signed by two (2) individuals.
- Based on our request, NCNW of GNO's management was unable to locate bank statements, deposit booklets and any supporting documentation for receipts and disbursements for the month of October 2002.
- Our review of four (4) cash receipts revealed four (4) instances where NCNW of GNO had not maintained any supporting documentation such as copies of checks or letters to support funds received.
- Our review of NCNW of GNO's cash receipts procedure, revealed that the NCNW of GNO does not maintain a cash receipts log.
- Lack of controls established for credit card purchases. There were several credit cards used during the June 30, 2003 fiscal year to purchase gas. Receipts were not submitted to support the charges. Also, there was no system or documentation in place to support the basis for the purchase.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-13

Condition, Continued

- Lack of controls for expense reimbursements. There were several instances where the Interim Executive Director/Day Care Center Director was issued a check payable to a grocery store or reimbursement for groceries described as purchased for the Day Care Center or Liberty House. We noted the absence of a system in place to ensure that all items purchased were delivered to and for the benefit of the Day Care Center or Liberty House.
- Lack of controls over vehicle usage. Management did not use a mileage log to document and track the use of its van and was unable to specify how often the van was used for each program.
- Our review of NCNW of GNO's office expense account activity for the year ended June 30, 2003 revealed two instances in which the former Executive Director prepared and approved reimbursement payable to herself.
- Our review of twenty-four (24) cash disbursements revealed seventeen (17) instances in which the supporting documentation such as invoices could not be located.

Questioned Costs

\$73,929.13.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-13

Context

Total expenses incurred for the year ended June 30, 2003 was \$676,045.

Effect

A weakened internal control system increases the potential for misappropriation of assets and/or risk factors.

Cause

Size of personnel coupled with lack of adequate oversight and monitoring.

Recommendation

Management should re-evaluate its current internal control with an aim towards enhancement of existing procedures and processes to include greater Board oversight. Management should also consider obtaining an agreement with a local vendor for food purchases. Such purchases should be initiated via an approved purchase order. This would ensure that a verification process could occur comparing items delivered to items ordered and charged for.

Management's Response

Currently, management has obtained a contract with a local vendor for non-produce related items.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2003-14

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

It is the responsibility of the management of **NCNW of GNO** to maintain accurate financial records and participant files.

Condition

Lack of a formal accounting manual affects the financial recordation process. Such a manual will provide management with the necessary guidance and consistency in the application of Board policies and established practices in the operation of the day-to-day financial and related activities of **NCNW of GNO**.

Questioned Costs

None.

Context

Total expenses for the year ended June 30, 2003 was \$676,045.

Effect

Potential for mismanagement of assets coupled with the inconsistent application of processes and procedures.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-14

Cause

Lack of established policies and procedures, coupled with the absence of adequate Board oversight.

Recommendation

We recommend that the necessary policies and procedures be established to minimize, if not eliminate the potential for mismanagement and ensure consistency in the application of policies and procedures.

Also, management should evaluate the need for established policies and procedures in other areas such as personnel, procurement, asset use, conflict of interest, risk management, etc.

Management's Response

Management is in the process of developing a comprehensive Accounting Policies and Procedures Manual that will address policy issues relating to Financial Services, Cost Allocation, Risk Management, Purchasing, and Budgetary Allocation & Control. Management believes that the implementation of these policies will minimize the potential for mismanagement and ensure consistency in applying policies.

The Manual will be drafted in accordance with Generally Accepted Accounting Principles with a focus on Fund Accounting as the majority of the organization's activities are funded by grants and other restricted funding sources. Additionally, the Manual will focus on the implementation of internal controls relating to the organization's chart of accounts, general ledger, cash receipts and disbursements, cash management, investments, fixed assets, budgeting and liabilities.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2003-15

Federal Program

Support Services (see Schedule of Expenditures of Federal Awards).

Criteria

The Unity for the Homeless grant agreement states that the recipient must provide a 25 percent cash match for supportive services pursuant to HUD's for the year ended 2000 Appropriations Act.

Condition

NCNW of GNO failed to provide the required 25 percent cash match for the Unity for the Homeless grant.

Questioned Costs

\$157,338.

Context

Total grant award for the year ended June 30, 2003 was \$157,338.

Effect

Noncompliance with the matching requirements of grant award.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-15

Cause

NCNW of GNO has experienced a change in management coupled with cashflow problems resulting from declining unrestricted funds in its general program.

Recommendation

We recommend that management seek other funding sources to match the 25 percent required by Unity for the Homeless. Also, management should initiate discussions with its funding source to evaluate other ways of matching that may include in-kind.

Management's Response

Management is actively seeking additional funding sources in order to meet the matching requirements of all current grants and contractual agreements. Additionally, management will review current grants and contractual agreements to evaluate the potential for in-kind contributions to be included and counted towards matching requirements. Management is aware that each funding source may possibly differ in its matching requirements.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2003-16

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

It is the responsibility of management of **NCNW of GNO** to ensure the preparation of monthly financial statements and other account reconciliations to include bank account reconciliations.

Condition

The **NCNW of GNO** did not have financial statements or bank account reconciliations for January 2004 through the audit fieldwork completion date.

Questioned Costs

None.

Context

Not applicable.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-16

Effect

Without up to date financial information, the **NCNW of GNO** is unable to assess its cash flow, determine total liabilities and unable to make informed decisions regarding the financial status of the **NCNW of GNO** at any specific date.

Cause

NCNW of GNO has not hired a contract accountant to maintain the financial records.

Recommendation

We recommend that the **NCNW of GNO** hire a contract accountant or a staff accountant as soon as possible.

Management's Response

Management has hired an in-house accountant and expects resolution by no later than September 30, 2004.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2003-17

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to OMB Circular A-133, Subpart C, Section 320, a complete reporting package and data collection form is required to be submitted to the Federal Clearinghouse designated by OMB within nine (9) months of the close of the entity's year end.

Condition

The June 30, 2003 audited financial statements and reports for **NCNW of GNO** were not submitted within the timeframe dictated by OMB Circular A-133, Subpart, C, Section 320.

Questioned Costs

None.

Context

Total federal awards for the year ended June 30, 2003 was \$349,287.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2003-17

Effect

Noncompliance with the report submission requirements of OMB Circular A-133, Subpart C, Section 320.

Cause

Management turnover coupled with change in fee accountant.

Recommendation

We recommend that NCNW of GNO undertake the necessary action to facilitate the timely submission of its audited financial statements and reports within the established timeframe.

Management's Response

Management has secured its auditors for the June 30, 2004 and 2005 audits and anticipates the timely submission of its audited financial statements in the future.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

Section IV - Status of Prior Years' Findings

NONE.

See separate letter to management dated April 13, 2004 for status of prior years' management letter comments.

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**

EXIT CONFERENCE

An exit conference was held with representatives of the **National Council of Negro Women of Greater New Orleans, Inc.** The contents of this report were discussed and management indicated their concurrence in all material respects. Those individuals who participated in this and previous discussions are as follows:

**NATIONAL COUNCIL OF NEGRO WOMEN
OF
GREATER NEW ORLEANS, INC.**

Dorothy Perrault	--	President
Sandra Franklin	--	Executive Director
Emmelyn Kendrick	--	Assistant to the Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM	--	Partner
Tiffany Jackson, CPA	--	Senior Accountant



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors
**National Council of Negro Women
of Greater New Orleans**
New Orleans, Louisiana

In planning and performing our audit of the financial statements of the **National Council of Negro Women of Greater New Orleans (NCNW of GNO)** as of and for the year ended June 30, 2003, we considered NCNW of GNO's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As part of our audit, we noted certain matters that are opportunities for strengthening internal controls and improving operating efficiency. Also, we discussed with management, the current status of prior years' management letter comments. We previously reported on NCNW of GNO's internal control in our report dated April 13, 2004, except for NOTE 6 and Finding Number 2003-12, as to which the date is August 10, 2004. This letter does not affect our previously described reports on NCNW of GNO's internal control or its financial statements. The following summarizes our comments and recommendations regarding those matters as well as the status of prior years' comments.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various NCNW of GNO personnel and management, and we 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.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments

Condition

Minutes of the Board of Directors

In connection with our audit of NCNW of GNO as of and for the year ended June 30, 2003, we requested minutes of the Board of Directors for the period July 1, 2002 through our fieldwork end date. Management was unable to locate the August 2002 through December 2002 minutes. Also, the minutes dated July 2002 and January 2003 through January 2004 were not signed.

Recommendation

We recommend that all minutes of the Board of Directors should be located and filed accordingly as it provides evidence of Board action. We also recommend that both the Board Secretary and President sign all minutes of the Board of Directors to signify its completeness and accuracy.

Management's Response

The minutes of the Board of Directors have been located (for a period of 1 year) and filed accordingly to provide evidence of the Board's actions. Minutes from July 2004 will reflect the following two (2) signatures to validate its authenticity: the Board Chair and the Board Recording Secretary. The NCNW of GNO by-laws are being reviewed to reflect this policy in the board's minutes regarding signatures.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Asset Identification Tags

NCNW of GNO does not label its assets with identification tags.

Recommendation

We recommend that NCNW of GNO label all assets with identification tags. This will reduce the risk of misappropriation of assets and assist with the tracking and accounting for all assets. Furthermore, an annual inventory of all fixed assets should be undertaken and the listing reconciled to the general ledger control account.

Management's Response

NCNW of GNO is in the process of undertaking the necessary tagging and inventory of all fixed assets. Anticipated completion date is December 31, 2004.

Condition

No established procedures for fundraising activities

NCNW of GNO does not have a formal policy for collecting and accounting for funds received through fundraising activities. While we noted several fundraising transactions in the general ledger for the year ended June 30, 2003, we were unable to secure from management any information to support fundraising activities.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Recommendation

The **NCNW of GNO** should establish a formal policy for collecting and accounting for funds received through fundraising activities. At a minimum, management should consider using pre-numbered two part receipts. This will provide the purchaser with a receipt and the **NCNW of GNO** would have a record of the collection that should include a description and an amount. Also, all transactions in connection with fundraising activities, should be properly recorded to facilitate an evaluation of each fundraising event as to its economic viability.

Management's Response

A formal policy has been established for collecting and accounting for funds received from fundraising activities. Policy will include:

1. Numerical ticket receipt booklet or two-part numbered receipts. Booklet will include description and an amount.
2. After evaluation and accountability, a manager's financial report will be provided by the on-staff accountant during the fundraising period.
3. Funds will be deposited in an established fundraising account.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Lack of a plan to comply with Total Community Action grant education requirements

The Total Community Action (TCA) grant requires that fifty percent (50%) of the classroom teaching staff have a minimum of an Associate degree in early childhood from an accredited college or university by September 30, 2003. The NCNW of GNO had at June 30, 2003, no action plan in place to ensure compliance.

Recommendation

We recommend that management take the necessary steps to ensure that the teaching staff either meet or are in the process of meeting the TCA grant education requirements.

Management's Response

Management has taken the appropriate steps to ensure that the Director and the teaching staff have enrolled in an accredited college or university to meet the education requirements of the TCA grant.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Develop An Accounting Policies and Procedures Manual

No formal accounting policies and procedures manual to address policy issues, processes and procedures relating to NCNW of GNO's internal control, chart of accounts, general ledger, cash receipts and disbursements, cash management, fixed assets, budgeting and liabilities, etc. A well-devised accounting manual should help prevent or reduce misunderstanding, errors, duplicated or omitted procedures. Also, the manual should help to ensure that all similar transactions are treated consistently and that accounting principles used are proper.

Recommendation

We recommend that management develop an accounting policies and procedures manual.

Management's Response

Management is in the process of developing a comprehensive Accounting Policies and Procedures Manual that will address policy issues relating to Financial Services, Cost Allocation, Risk Management, Purchasing, and Budgetary Allocation and Control. The Manual will be drafted in accordance with generally accepted accounting principles with a focus on Fund Accounting as the majority of NCNW of GNO's activities are funded by grants and other restricted funding sources. Additionally, the Manual will focus on the implementation of internal controls relating to NCNW of GNO's chart of accounts, general ledger, cash receipts and disbursements, cash management, fixed assets, budgeting and liabilities.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Reconciliation of Subsidiary Ledgers to Control Accounts

NCNW of GNO's current procedures do not require the periodic reconciliation of subsidiary ledgers for significant general ledger accounts such as receivables, inventory, payables, revenues, fixed assets and net assets to the applicable general ledger control accounts.

Recommendation

We recommend that management establish or cause to be established subsidiary ledgers for all significant accounts and perform monthly reconciliations of the balances in those accounts as reflected on the subsidiary ledgers to the applicable general ledger control account. The reconciliations should be prepared in writing and all reconciling items should be documented and the necessary corrections made to the subsidiary ledgers or journal entries prepared and posted to the general ledger on a timely basis. This procedure should also include supervisory review to be evidenced by an initialing and dating.

Management's Response

Management is in the process of developing a comprehensive Accounting Policies and Procedures Manual that will establish subsidiary ledgers accounts for the following master ledger accounts:

- Accounts Receivables
- Inventory
- Accounts Payables
- Revenues
- Depreciable/Non-Depreciable Assets

The manual will outline and require periodic reconciliation of subsidiary ledgers. Correcting entries that are prepared as a result of the periodic reconciliation process will require management's review and approval prior to posting.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Policy for Cost Allocation

We noted no cost allocation policy that utilizes a cost allocation methodology that is consistent and provides for a systematic allocation of shared costs.

Recommendation

We recommend that **NCNW of GNO** develop a policy that provides for a systematic allocation of shared costs.

Management's Response

Management is in the process of developing a comprehensive Accounting Policies and Procedures Manual that will address policy issues relating to Cost Allocation among all funding sources. Cost allocation procedures will place emphasis on cost allocation regulations that are outlined in the contracts and grants that are awarded to **NCNW of GNO**. Administrative costs will be allocated among funding sources according to grant regulations.

Condition

Monitoring of Program Compliance

The various contracts managed by **NCNW of GNO** in connection with its programs require compliance with certain goals and objectives. We noted no written procedures in place to monitor compliance with various grant agreements.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Recommendation

We recommend that **NCNW of GNO** establish a system to ensure compliance with all aspects of its contracts with its funding sources.

Management's Response

Management is in the process of reviewing all contracts and grants in order to establish procedures to ensure that all organizational activities are in compliance with contractual agreements.

Condition

Lack of an Established Capitalization Policy

Currently, **NCNW of GNO** does not have a formal capitalization policy.

Recommendation

We recommend that **NCNW of GNO** establishes a formal capitalization policy.

Management's Response

Management is in the process of establishing a Capitalization Policy will establish a set threshold net invoice price for equipment to be capitalized. The policy will require items costing more than the threshold amount is capitalized as of the date the Board of Directors ratifies the policy. In addition, all equipment will also be recorded on **NCNW of GNO's** equipment inventory and tagged with a control number for tracking purposes.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Condition

Disaster Recovery Plan

Currently, NCNW of GNO uses various software to accumulate program information on a regular basis. However, we noted no plans to require the offsite storage of all pertinent program data.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- Definition of threats and risks (including likely effects on NCNW of GNO).
- Operational security.
- Processing priorities.
- Disaster recovery planning (as appropriate).
- Insurance coverage available or desirable.

Management's Response

Management is in the process of drafting a Disaster Recovery Plan (DRP) to ensure compliance in this area. When completed, the DRP will:

- Identify weaknesses and implement a disaster prevention program;
- Minimize the duration of a serious disruption to business operations;
- Facilitate effective coordination of recovery tasks; and
- Reduce the complexity of the recovery effort.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Current Years' Comments, Continued

Management's Response, Continued

Staff will be made aware of the DRP through training, e-mail notifications, announcements, newsletter articles, posters or other awareness methods at least annually. Information Technology resources will be inventoried at least annually and the criticality of resources will be assessed. Backups of computers, network devices, telecommunications devices, applications, electronic records and other IT resources that are used to perform critical business functions will be made regularly. Tapes will be stored at an off-site location. A disaster clause will be included in the current insurance policy.

Condition

Risk Management

NCNW of GNO has no formal system in place to ensure the periodic evaluation of risk in the categories of property, general liability etc. to ensure the adequacy in insurance coverage.

Recommendation

We recommend that a system be established aimed at the periodic evaluation or assessment of the adequacy in insurance coverage.

Management's Response

Management is in the process of establishing a "Best Practice" for Risk Management that will focus on developing, directing, achieving and administering a cost effective comprehensive risk management program. Periodic evaluations will be performed to assess the adequacy of insurance coverage.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Status of Prior Years' Comments

Condition

Instances of cost reimbursement reports not being clerically checked. Cost reimbursement forms although different among the various programs, should be double checked for accuracy in footing and cross footing all the cost contained within. Prior to submission, there should be a more thoroughly review by management.

Current Status

Resolved.

Condition

Improper use of attendance/care logs. Each participant entrant should complete his or her required entries in total. More care should be exercised to assure proper dating and classifications to log sheets.

Current Status

Resolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

Status of Prior Years' Comments, Continued

Condition

An approved indirect cost plan should be maintained on file. Although indirect cost allocations were within guidelines, an approved plan should be on file. While it is understood that a plan has already been submitted some months ago, such plans should be submitted more in advance in order to ensure receipt by program reimbursement request time.

Current Status

Resolved.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, the Department of Education, the Department of Social Services, Department of Housing and Urban Development, the Department of Health and Human Services, United Way, New Orleans Legislative Economic Development and the Louisiana Stadium and Exposition District and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 13, 2004