

Financial Report
The Work Connection, Inc.
Houma, Louisiana
June 30, 2004

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 2-16-05

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June 30, 2004

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the accompanying statement of financial position of The Work Connection, Inc. (the Organization), a nonprofit organization, as of June 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2004, and the change in its net assets and its 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 a report dated November 12, 2004, on our consideration of the Organization'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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The budgetary information, marked "unaudited", presented on page 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was performed for the purpose of forming an opinion on The Work Connection, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements of The Work Connection, Inc. 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 for the year ended June 30, 2004 taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 12, 2004.

STATEMENT OF FINANCIAL POSITION**The Work Connection, Inc.**

June 30, 2004

Assets

Cash	\$	3,646
Grants receivable		90,002
Other receivables		11,018
Property and equipment, net		<u>77,939</u>

Total assets	\$	<u><u>182,605</u></u>
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Liabilities

Accounts payable and accrued expenses	\$	98,522
Accrued employee benefits		<u>6,144</u>

Total liabilities		<u>104,666</u>
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Net Assets

Unrestricted		-
Temporarily restricted		<u>77,939</u>

Total net assets		<u>77,939</u>
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Total liabilities and net assets	\$	<u><u>182,605</u></u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES**The Work Connection, Inc.**

For the year ended June 30, 2004

	Unrestricted	Temporarily Restricted	Total	Budget (Unaudited)	Variance Favorable (Unfavorable) (Unaudited)
Revenues, Gains and Other Support					
Government grants	\$ 1,598,387	\$ 28,847	\$ 1,627,234	\$ 1,675,760	\$ (48,526)
Net assets released from restrictions:					
Satisfaction of use restrictions	20,215	(20,215)	-	-	-
Total revenues, gains and other support	<u>1,618,602</u>	<u>8,632</u>	<u>1,627,234</u>	<u>1,675,760</u>	<u>(48,526)</u>
Expenses					
Program Services:					
Adult	650,602	-	650,602	685,398	34,796
Dislocated Workers	442,429	-	442,429	518,800	76,371
Youth	422,146	-	422,146	439,624	17,478
STEPS	20,433	-	20,433	31,938	11,505
Temporary Assistance for Needy Families	1,660	-	1,660	-	(1,660)
Total program services	<u>1,537,270</u>	<u>-</u>	<u>1,537,270</u>	<u>1,675,760</u>	<u>138,490</u>
Support Services:					
Management and general	81,332	-	81,332	-	(81,332)
Total expenses	<u>1,618,602</u>	<u>-</u>	<u>1,618,602</u>	<u>1,675,760</u>	<u>57,158</u>
Increase in Net Assets	-	8,632	8,632	-	8,632
Net Assets					
Beginning of year	-	69,307	69,307	-	69,307
End of year	<u>\$ -</u>	<u>\$ 77,939</u>	<u>\$ 77,939</u>	<u>\$ -</u>	<u>\$ 77,939</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Work Connection, Inc.

For the year ended June 30, 2004

	Program Services				Temporary Assistance for Needy Families
	Adult	Dislocated Workers	Youth	STEPS Program	
Salaries	\$ 172,054	\$ 244,029	\$ 182,133	\$ 18,785	\$ -
Payroll taxes	13,019	16,831	13,780	1,437	-
Retirement	5,557	4,420	3,967	-	-
Employee benefits	18,632	26,099	29,922	-	-
Total salaries and related expenses	209,262	291,379	229,802	20,222	-
Advertising and public relations	127	-	11,259	-	-
Contract services	31,576	21,608	15,133	-	-
Depreciation	-	-	-	-	-
Equipment rentals	84	129	137	-	-
Equipment repairs and maintenance	9,235	12,494	13,219	-	-
Insurance	10,890	449	8,329	-	-
Membership dues and subscriptions	603	-	391	-	-
Miscellaneous	3,808	225	2,690	-	-
Occupancy	19,447	29,982	31,603	-	-
Postage and shipping	1,293	366	1,160	-	-
Professional fees	4,557	-	4,252	-	-
Participant room and board	28,048	9,563	21,463	-	-
Participant tuition	146,545	32,254	28,840	-	-
Participant child care	46,614	6,290	2,585	-	-
Other participant supportive services	63,462	8,566	13,920	-	-
Supplies	53,463	11,098	21,728	185	1,382
Telephone	4,030	6,152	6,558	-	-
Travel, meals and lodging	13,209	6,262	2,799	26	278
Utilities	4,349	5,612	6,278	-	-
Totals	\$ 650,602	\$ 442,429	\$ 422,146	\$ 20,433	\$ 1,660

See notes to financial statements.

	Support Services	
Total	Management and General	Total
\$ 617,001	\$ 4,552	\$ 621,553
45,067	939	46,006
13,944	2,477	16,421
<u>74,653</u>	<u>5,065</u>	<u>79,718</u>
750,665	13,033	763,698
11,386	17,246	28,632
68,317	-	68,317
-	20,215	20,215
350	-	350
34,948	162	35,110
19,668	11,049	30,717
994	507	1,501
6,723	3,214	9,937
81,032	-	81,032
2,819	1,194	4,013
8,809	5,508	14,317
59,074	-	59,074
207,639	-	207,639
55,489	-	55,489
85,948	-	85,948
87,856	6,974	94,830
16,740	40	16,780
22,574	1,990	24,564
<u>16,239</u>	<u>200</u>	<u>16,439</u>
<u>\$ 1,537,270</u>	<u>\$ 81,332</u>	<u>\$ 1,618,602</u>

STATEMENT OF CASH FLOWS**The Work Connection, Inc.**

For the year ended June 30, 2004

Cash Flows from Operating Activities	
Increase in net assets	\$ 8,632
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	20,215
Decrease in assets:	
Grants receivable	21,314
Other receivables	9,037
Decrease in liabilities:	
Accounts payable	(25,898)
Accrued employee benefits	<u>(3,079)</u>
Total adjustments	<u>21,589</u>
Net cash provided by operating activities	30,221
Cash Flows used in Investing Activities	
Purchases of property and equipment	<u>(28,847)</u>
Net Increase in Cash	1,374
Cash	
Beginning of year	<u>2,272</u>
End of year	<u><u>\$ 3,646</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Work Connection, Inc.

June 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Work Connection, Inc. (the Organization) was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Investment Act (WIA), the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Investment Board (the LAT). The Organization is funded by the LAT as a subrecipient of Title I – B of WIA and Temporary Assistance for Needy Families/Strategies to Empower People (STEPS) grants.

b) Financial Statement Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2004.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2004.

f) Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Management believes that all receivables at June 30, 2004 are collectible.

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Department of Labor (LDOL). All property and equipment is ultimately the property of LDOL, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the year ended June 30, 2004 was \$20,215.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year. Employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The total amount of accrued accumulated vacation leave at June 30, 2004 was \$6,144.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 80 hours. In no instance shall any employee receive wages for sick leave upon termination of employment.

i) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the State of Louisiana Department of Labor. Accordingly, certain costs have been allocated among the services and activities benefited.

j) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Note 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or for use in subsequent periods. As June 30, 2004, temporarily restricted net assets include \$77,939 for the use of property and equipment.

Note 3 - PROPERTY AND EQUIPMENT

At June 30, 2004, property and equipment consist of the following:

Transportation equipment	\$ 55,611
Office furniture and equipment	<u>67,251</u>
	122,862
Less: accumulated depreciation	<u>44,923</u>
Property and equipment, net	<u>\$ 77,939</u>

Note 4 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt budgets. The Organization's funding is from intergovernmental grants from the State of Louisiana Department of Labor paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required an operating budget in the amount of \$1,739,636, which is presented in Exhibit B. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 5 - ECONOMIC DEPENDENCY

The Organization receives its revenue from federal grant funding passed through the State of Louisiana Department of Labor and the LAT. The grant amounts are appropriated each year by federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local levels, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 6 - PENSION PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the year ended June 30, 2004 were \$16,421.

Note 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2004.

Note 8 - SUBSEQUENT EVENT

During June 2004, the Organization signed a new thirty-six (36) month operating lease for office space in Thibodaux, Louisiana for \$3,000 a month. The rental period for the lease commences July 1, 2004. Commitments under the lease as follows:

<u>Year</u>	<u>Amount</u>
2005	\$ 36,000
2006	36,000
2007	<u>36,000</u>
Total	<u>\$ 108,000</u>

All other offices are rented on a month-to-month basis. Rental expenditures incurred on the offices amounted to \$81,032 during the year ended June 30, 2004.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the financial statements of The Work Connection, Inc., (the Organization), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 12, 2004. 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or

more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 12, 2004.



Bourgeois Bennett

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

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Compliance

We have audited the compliance of The Work Connection, Inc., (the Organization), a nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Organization 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 the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 12, 2004.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

For the year ended June 30, 2004

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Labor			
<u>Pass-Through Payments:</u>			
<u>Louisiana Department of Labor:</u>			
<u>LAT Workforce Investment Board, Inc.:</u>			
WIA Adult Program	17.258	OCR# 474-000559	\$ 683,123
WIA Youth Activities	17.259	OCR# 474-000559	453,137
WIA Dislocated Workers	17.260	OCR# 474-000559	468,072
Temporary Assistance for Needy Families/ Strategies to Empower People (STEPS)	93.558	OCR# 474-401318	<u>21,242</u>
Total Department of Labor			1,625,574
Department of Social Services			
<u>Pass-Through Payments:</u>			
<u>Louisiana Department of Social Services</u>			
<u>LAT Workforce Investment Board, Inc.:</u>			
Temporary Assistance for Needy Families	93.558	CFMS # 590284	<u>1,660</u>
Total			<u>\$ 1,627,234</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

June 30, 2004

Note 1 - BASIS OF PRESENTATION

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

Note 2 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2004 reconciles to the Organization's financial statements for the year ended June 30, 2004 as follows:

Total federal expenditures	\$1,627,234
Capital expenditures for the purchase of capitalized property and equipment	(28,847)
Depreciation of capitalized property and equipment	<u>20,215</u>
Total expenses	<u>\$1,618,602</u>

Note 3 - FINDINGS OF NONCOMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2004.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2004

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not
considered to be material weaknesses? ___ yes X none reported

- Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not
considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2004

Section I Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ yes X no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2004.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2004.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

03-1 **Recommendation** – The person that prepares disbursements should not have access to a check signing device. We also recommend that the Executive Director continue to receive all bank statements unopened and review bank statement activity for reasonableness and initial for evidence of approval. The completed bank reconciliations should also continue to be reviewed by the Executive Director.

Management's Corrective Action – This recommendation was adopted. No similar findings were noted in the 2004 audit.

03-2 **Recommendation** – Controls should be established which allow for accurate monthly financial reports to be prepared which reflect all revenues earned and expenditures incurred for the period being reported with a comparison to the Organization's adopted budget. The Board should be furnished with these monthly financial reports and they should review and approve those financial reports at its monthly meetings. The accounting staff should continue to post cash receipts and cash disbursements, however, reconciliations of significant balance sheet accounts should be prepared to ensure accurate monthly financial statements.

Management's Corrective Action – This recommendation was partially adopted; the Board is being provided with financial statements on a monthly basis (budgeted expenses less actual expenses) and is approving the statements at the monthly board meetings. However, the accounting information in the financial statements being provided to the Board by Management is not accurate. See management letter finding 04-1.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2003.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2004

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.

For the year ended June 30, 2004

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

Internal Control

No material weaknesses were noted during the audit of financial statements for the year ended June 30, 2004.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2004.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2004.

Section III Management Letter

04-1 Recommendation – Controls should be established which allow for accurate financial reports to be prepared which reflect all revenues earned and expenses incurred for the period being reported with a comparison to the Organization's adopted budget. The Board should be furnished with these monthly financial reports and they should review and approve those financial reports at its monthly meetings. The accounting staff should continue to post cash receipts and cash disbursements, however, reconciliations of significant balance sheet accounts should be prepared to ensure accurate monthly financial statements.

Managements' Corrective Action – A financial statement will be provided by Management that will be generated from the general ledger and produced in Excel with budget to actual comparisons. These more accurate financial reports will be approved by the Board at the monthly meetings.



Bourgeois Bennett

To the Board of Directors
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the basic financial statements of The Work Connection, Inc. (the Organization), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 12, 2004. 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. In planning and performing our audit, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of one matter, which represents an immaterial internal control finding. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding this matter. We previously reported on the Organization's internal control in our report dated November 12, 2004. This letter does not affect our report dated November 12, 2004 on the basic financial statements of the Organization.

We will review the status of this comment during our next audit engagement. We have already discussed the comments and recommendation with the Organization, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matter or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 12, 2004.

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MANAGEMENT COMMENTS

The Work Connection, Inc

For the year ended June 30, 2004

04 - 1 **Criteria** – An accounting system is the backbone of fiscal management in government. It should be designed to produce timely and meaningful reports that clearly reflect the financial position and activities of the Organization. There is a responsibility to know that a system of checks and balances exists that protects public funds from misuse.

Condition – Management and the accounting department does not use the general ledger for monitoring financial position and activities. The accounting system is used for processing cash receipts and cash disbursements. The monthly financial statements provided to the board do not agree to the unadjusted balances in the trial balance.

Context – Systematic problem that involves the Organization's stewardship responsibilities.

Effect – The Board is not provided with an accurate picture of the Organization's financial position, which may result in errors, irregularities and fraud not being detected in a timely manner.

Cause – Accurate and meaningful financial statements are not being presented to the Board.

Recommendation – Controls should be established which allow for accurate financial reports to be prepared which reflect all revenues earned and expenses incurred for the period being reported with a comparison to the Organization's adopted budget. The Board should be furnished with these monthly financial reports and they should review and approve those financial reports at its monthly meetings. The accounting staff should continue to post cash receipts and cash disbursements, however, reconciliations of significant balance sheet accounts should be prepared to ensure accurate monthly financial statements.