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A PROFESSIONAL ACCOUNTING CORPORATION

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B. W. COOPER, RMC
3400 EARHART BLVD.
NEW ORLEANS, LA 70125

TO THE BOARD OF DIRECTORS

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 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 4.28.04

B. W. COOPER RMC
3400 EARHART BLVD.
NEW ORLEANS, LA 70125

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
B. W. COOPER, RMC
3400 EARHART BLVD.
NEW ORLEANS, LA 70125**

We have audited the accompanying statement of financial position of the B. W. COOPER, RMC "a nonprofit organization" as of SEPTEMBER 30, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of B. W. COOPER, RMC'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of B. W. COOPER, RMC as of SEPTEMBER 30, 2003, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2004 on the consideration of B. W. COOPER, RMC 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 performed for the purpose of forming an opinion on the basic financial statements of B. W. COOPER, RMC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.



Bobbie L Howard
Certified Public Accountant

March 18, 2004

**B. W. COOPER, RMC
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2003**

ASSETS

Current Assets

Cash (Note A & F)	\$ 1,472,205
Grant Receivable (Note A & B)	177,258
Other Receivable	22,055
Other Current Assets	\$ <u>16,182</u>

Total Current Assets \$ 1,687,700

Property, Plant and Equipment

Net of Accumulated Depreciation of \$463,739 (Note A & D) 337,191

Total Assets \$ 2,024,891

LIABILITIES AND NET ASSETS

Current Liabilities

Due to Employee	\$ 10,531
Payroll Taxes Payable	(17,768)
Accounts Payable	50,249
Other Current Liabilities	<u>73,600</u>

Total Current Liabilities \$ **116,612**

Net Assets

Unrestricted 1,908,279

Total Net Assets \$ 1,908,279

Total Liabilities and Net Assets \$ 2,024,891

See auditor's report and notes to the financial statements.

**B. W. COOPER, RMC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
SEPTEMBER 30, 2003**

REVENUES

Revenues, Gains, and Other Support	Unrestricted
Management Contract	\$ 4,812,368
HUD Comprehensive Grant	136,409
Greater New Orleans Foundation	46,006
Day Care	7,225
Pregnancy Prevention	9,918
Drug Elimination Grant	327,411
Ross Grant	24,605
Resident Service	4,908
Interest Income	<u>2,652</u>
Total Revenues, Gains and Other Support	\$ <u>5,371,502</u>

EXPENSES

Management Contract	\$ 3,795,932
HUD Comprehensive General Administrative	266,587
Day Care	56,764
Pregnancy Prevention	377,651
Ross Grant	3,055
	<u>60,158</u>
Total Expenses	\$ <u>4,560,147</u>
Change in Net Assets	\$ 811,355
Adjustments to Net Assets	<u>(2,930)</u>
Net Assets, Beginning of year	\$ 1,099,854
Net Assets, End of year	\$ <u>1,908,279</u>

See auditor's report and notes to the financial statements.

**B. W. COOPER, RMC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Cash Flows from Operating Activities:		
Net Assets		\$ 227,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	125,513	
Change in account receivable	(115,960)	
Change in other current assets	(2,980)	
Change in payable	70,757	
Change in other current liabilities	68,481	
Total Adjustments		<u>145,811</u>
Net Cash Provided by Operating Activities:		\$ 372,973
Cash Flows from Investment Activities		
Purchase of fixed assets	(68,588)	
Net Cash Provided by Investing Activities		\$ (68,588)
Cash Flows from Financing Activities:		
Repayment of long term debt	(28,683)	
Net Asset	(81,221)	
Net Cash Provided by Financing Activities		\$ <u>(109,904)</u>
Net Increase (Decrease) in Cash		194,481
Cash at Beginning of Period		<u>260,714</u>
Cash at End of Period		\$ <u><u>455,195</u></u>

See auditor's report and notes to financial statements.

B. W. COOPER RMC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>Manage Contract</u>	<u>HUD Comp</u>	<u>General Admin.</u>	<u>Day Care</u>	<u>Pregnancy Prevention</u>	<u>Ross Grant</u>	<u>Total Expenses</u>
Salaries	\$ 2,206,848	\$ 0	\$ 0	\$ 252,940	\$ 0	\$ 27,992	\$ 2,487,780
Payroll Taxes	168,395	0	0	19,350	0	2,141	189,886
Total Employee Cost	2,375,243	0	0	272,290	0	30,133	2,677,666
Employee Benefits	\$ 311,969	0	0	\$ 35,053	0	\$ 3,505	\$ 350,527
Administrative Expenses	8,914	0	15,038	1,851	0	0	25,803
Professional Services	64,269	0	0	0	0	0	64,269
Supplies	61,892	0	3,119	6,347	0	0	71,358
Telephone	138,445	0	378	6,777	0	0	145,600
Travel & Seminars	44,727	0	600	4,384	0	0	49,711
Printing and Reproduction	5,633	0	0	0	0	0	5,633
Equipment Rental	10,421	0	0	0	0	0	10,421
Tenant Services	34,490	0	7,177	0	0	0	41,667
Auto Lease	22,844	0	0	0	0	0	22,844
Technical Assistance	0	136,409	0	0	0	0	136,409
Stipends	0	0	9,200	0	0	0	9,200
Maintenance	23,047	6,706	2,824	16,970	0	0	49,547
Maintenance Supplies	222,176	0	0	1,060	0	0	223,236
Vehicle Maintenance	33,340	0	1,415	0	0	0	34,755
Insurance	356,714	0	0	5,318	0	0	362,032
Program Services	0	0	0	15,892	3,055	26,520	45,467
Other Expenses	71,663	0	17,013	6,921	0	0	95,597
Depreciation	10,145	123,472	0	4,788	0	0	138,405
Total Operating Exp.	\$ 1,420,689	\$ 266,587	\$ 56,764	\$ 105,361	\$ 3,055	\$ 30,025	\$ 1,882,481
Total Expenses	\$ 3,795,932	\$ 266,587	\$ 56,764	\$ 377,651	\$ 3,055	\$ 60,158	\$ 4,560,147

See auditor's report and notes to the financial statements.

B. W. COOPER, RMC
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

B. W. COOPER, RMC is a non-profit organization established primarily to provide service in the form of property management for the B. W. Cooper Apartments. Other goals involve housing rehabilitation, improving public facilities and revitalization of the neighborhood economic condition by providing decent housing, suitable living environments and expanded economic opportunities for residents of B. W. Cooper Apartments.

2. Presentation Of Financial Statement

The accounting financial statements are presented on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

3. Basis of Reporting

The Agency has adopted SPAS No. 117 which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net assets categories (i.e. unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) accordingly to external donor imposed restrictions.

A description of the three (3) net assets categories is as follows:

Unrestricted Net Assets include the following:

Unrestricted Net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Agency are included in this category. The Agency has determined that any donor imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Agency, and therefore, the Agency's policy is to record these assets as unrestricted.

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

Permanently restricted net assets are contributions which are required by the 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 assets until utilized for donor imposed restrictions.

4. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. **Property, Plant and Equipment**

Property, Plant and Equipment is stated at cost, if purchased, or at fair market value at the date of gift, if donated.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on the straight-line-method. Depreciation expense for the year ended September 30, 2003 totaled \$138,405.

6. **Revenue Recognition**

For financial reporting purposes, the Agency recognizes revenues as earned.

7. **Functional Allocation of Expenses**

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

8. **Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reported financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from the estimates.

9. The agency has a 401 K plan for eligible employees. Compensated absences were immaterial to these financial statements.

NOTE B – GRANT RECEIVABLE

Grant receivable for B. W. COOPER, RMC consists of the following:

*Drug Elimination	\$ 95,421
Comprehensive Grant	33,968
Ross Grant	46,869

Total Grant Receivables	\$177,258
	=====

* Pertains to last year Grant Recievable (9/30/2002).

NOTE C – EXEMPT STATUS

The corporation is tax exempt under provision of Section 501(c) (3) of the Internal Revenue Code. The corporation meets all of the applicable provisions of the law.

NOTE D – PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following at September 30, 2003

Furniture & Equipment	\$ 649,656
Computer Equipment	60,891
Lawn Equipment	33,341
Auto	57,042

	\$ 800,930
Depreciation (Less Accumulated)	\$ 463,739

Total Property and Equipment	\$ 337,191
	=====

NOTE E – COMPENSATION TO DIRECTORS

The resident council (board) received a stipend of \$200.00 per month to cover expenses associated with carrying out their duties as directors. The total amount paid to board is \$9,200.

NOTE F – REVENUES, GAINS, AND OTHER SUPPORT

Management Contract	\$	4,812,368
HUD Comprehensive Grant		136,409
* Day Care		327,411
** Pregnancy Prevention		7,225
Residential Services		4,908
Ross Grant		24,605
Management Improvement Fund		46,006
Interest Income		2,662
Total Revenues, Gains and Other Support	\$	5,371,504

*Includes Funding From The State Of Louisiana:

Office of Family Support	\$	139,243
Food & Nutrition	\$	40,090

**State Of Louisiana Department Of Social Services:

Pregnancy Prevention	\$	7,225
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NOTE G – CASH IN BANK

At year end the cash balance was as follows:

Operating	\$	1,251,558
Administrative Account		305
Payroll		25,479
Keeping it Real		3,584
Comprehensive Grant		16,551
Day Care Center		18,812
Economic Development		2,693
Homeownership		122,190
Day Care Food and Nutrition		24,551
Ross		6,476
Total	\$	1,472,205
		=====

B.W. Cooper, RMC has a cash balance held in reserve in the amount of \$1,140,036.75 for three months expenses as required by HUD.

NOTE H – ECONOMIC DEPENDENCY

The agency received the majority of its revenue from contracts with the Housing Authority of New Orleans, pass through funds from the Department of Housing and Urban Development. If significant budget cuts or legislative changes are made at the federal, state or city level, the amount of funding could be reduced significantly and have an adverse impact on its current program. Management is not aware of any actions that will adversely affect the funding it will receive in the next fiscal year. However, due to federal budget cuts the Drug Elimination Program has been discontinued.

NOTE I – RETIREMENT PLANS

Substantially all of the Agencies employees are eligible for a 401 K plan. During the current year the Agency matched \$60,145. The agency did not have a material amount of vacation for compensated absences.

NOTE J – COMMITMENTS AND CONTINGENCIES

As of September 30, 2003 the total remaining operating lease payments under a non-cancelable operating lease, which pertains to vehicles are as follows:

<u>YEAR</u>	<u>TOTAL PAYMENTS</u>
2004	\$ 22,724
2005	5,681

Rental expense under operating leases was \$22,844 for the year ended September 30, 2003.

NOTE K – REVENUES

The Day Care Center revenues was reduced due to a reduction in the Child Care System Program this caused B. W. Cooper, RMC to absorb some operating cost.

The Drug Elimination Program was discontinued which caused B. W. Cooper, RMC to absorb salaries and other costs for the ORS Department.

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INDEPENDENT AUDITOR'S 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
B. W. COOPER RMC
3400 EARHART BLVD
New Orleans, LA 70125**

We have audited the financial statements of B. W. COOPER, RMC as of and for the year ended SEPTEMBER 30, 2003, and have issued our report thereon dated March 18, 2004. We conducted the audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the B. W. COOPER, RMC 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 B. W. COOPER, RMC 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 consider being 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 B. W. COOPER, RMC ability to record, process summarize, and report financial data consistent with the assertions of management in the accompanying schedule of findings and questioned costs as item # 03-01. 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 the 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 over financial reporting that might be a material weakness. Item # 03-01 is considered to be a material weakness.

This report is intended for the information of the Board and management of B. W. Cooper, RMC, the Housing Authority of New Orleans, and the Legislative Auditor's of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.



Bobbie L Howard
Certified Public Accountant
March 18, 2004

BOBBIE L. HOWARD, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

921 Church St.-Rear Entrance

Houma, LA 70360

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INDEPENDENT AUDITOR'S 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
B. W. COOPER RMC
3400 EARHART BLVD.
New Orleans, LA 70125**

Compliance

We have audited the compliance of B.W. COOPER, RMC 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 programs for the year ended SEPTEMBER 30, 2003. B. W. COOPER, RMC major federal programs are identified in the summary of the independent 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 its major federal program, is the responsibility of B.W. COOPER, RMC management. Our responsibility is to express an opinion on B. W. COOPER, RMC compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Office of Management of Budget (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 B.W. COOPER, RMC 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 such an opinion. Our audit does not provide a legal determination on B. W. COOPER, RMC compliance with those requirements. Compliance with such provisions is necessary, in our opinion, for B. W. COOPER, RMC to comply with the requirements.

As described in item 03-02 in the accompanying schedule of finding and questioned costs, B.W. COOPER, RMC did not comply with the requirements regarding the Management Contract with H.A.N.O. compliance with such requirements is necessary,

in our opinion, for B. W. COOPER, RMC to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, B. W. COOPER, RMC 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 September 30, 2003.

Internal Control Over Compliance

The management of B. W. COOPER, RMC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable for federal programs. In planning and performing our audit, We considered B. W. COOPER, RMC 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*.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item # 03-01.

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 beginning audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However, we noted matters involving the internal control over compliance and its operation that we consider to be material weaknesses identified in the schedule of finding and questioned costs as items # 03-01.

This report is intended for the information of the Board and management of B.W. COOPER, RMC., the Housing Authority of New Orleans, the Legislative Auditor of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other these specified parties. However, under Louisiana Revised Statue 24: 513, this report is distributed by the Legislative Auditor as public document.


Bobbie L. Howard
Certified Public Accountant
March 18, 2004

B. W. COOPER, RMC
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Federal Grant/ Pass-Thru Grantor/ Program Title	Federal CFDA Number	Agency Pass Thru	Federal Expense
U. S. Department of Housing And Urban Development			
Pass-through from Housing Authority of New Orleans	14.850		\$ 4,119,283

B. W. COOPER, RMC
SCHEDULE OF FINDINGS AND QUESTIONED COST
SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

1. The auditor's report expresses an unqualified opinion on the financial statements of B. W. COOPER, RMC.
2. One reportable condition disclosed during the audit of the financial statements and that condition is reported as a material weakness in the schedule of findings and questioned cost.
3. No instances of noncompliance material to the financial statements of B. W. COOPER, RMC which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One reportable condition disclosed during the audit of the major federal award program is reported in the schedule of findings and questioned cost. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for B. W. COOPER, RMC expresses an qualified opinion.
6. Audit findings relative to the major federal award programs for B. W. COOPER, RMC are reported in this Schedule.
7. The program tested as a major program.

<u>Pass Thru Number</u>	<u>Name of Federal Program</u>
14.850	Management Contract

8. The dollar threshold used to distinguish between Type A and B Programs as described in *OMB Circular A-133, Section 520(b)* are as follows:

<u>Program</u>	<u>Amount</u>
Type A	\$ 300,000

9. B. W. COOPER, RMC does not qualify as a low risk auditee, under *OMB Circular A-133, Section 530*.

FINDING-FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS AND MATERIAL WEAKNESS

03-01 Payroll

Condition: Ten out of sixty-five employee files tested—did not have W-4 or L4 forms in their files. Also, twelve out of sixty-five employees did not have employment applications.

Criteria: Internal control should be in place that provides reasonable assurance that individuals are added to payroll only after all documentation has been verified and processed.

Effect: Because of the failure to have employee's payroll tax information and an application in their files employees tax withholding could be calculated incorrectly, employees may be added to payroll without approval of management.

Recommendations: Procedures should be implemented requiring the completion of an employment application and payroll tax forms prior to adding new employees to the payroll.

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM

MANAGEMENT CONTRACT—PASS THROUGH NUMBER 14.850

REPORTABLE CONDITIONS AND MATERIAL WEAKNESS

03-01 Payroll

Condition: Ten out of sixty-five employee files tested—did not have W-4 or L4 forms in their files. Also, twelve out of sixty-five employees did not have employment applications.

Criteria: Internal control should be in place that provides reasonable assurance that individuals are added to payroll only after all documentation has been verified and processed.

Effect: Because of the failure to have employee's payroll tax information and an application in their files employees tax withholding could be calculated incorrectly, employees may be added to payroll without approval of management.

Recommendations: Procedures should be implemented requiring the completion of an employment application and payroll tax forms prior to adding new employees to the payroll.

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM

MANAGEMENT CONTRACT—PASS THROUGH NUMBER 14.850

REPORTABLE CONDITIONS AND MATERIAL WEAKNESS

03-02 MANAGEMENT CONTRACT

Condition: Equipment and material report and annual audit report not filed timely.

Criteria: The management contract states that the following annual report should be submitted to HANO.

1. Equipment and material inventory report—within thirty days following the end of the year.
2. Audit report with CPA's comments and any corrective actions taken due by January 31st of each year.

Effect: HANO may terminate the contract in part or in its entirety.

Recommendations: B. W. COOPER, RMC should submit the reports timely.

**B.W. COOPER, RMC
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

02-01	Purchasing Procedures	Unresolved
00-01	Reimbursement Administrative Procedures	Unresolved
00-02	Segment Operation	Resolved
00-03	Securely of Results	Resolved



B. W. Cooper
Resident Management Corporation

Office of the Board of Director
3400 Earhart Blvd. New Orleans, LA 70125 (504) 822-8840 Fax (504) 822-5030

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2003

B. W. COOPER, RMC respectfully submits the following corrective action plan for the year ended September 30, 2003.

Firm Name: Bobbie L. Howard, CPA,
921 Church Street – Rear Entrance
Houma, LA 70360

Audit Period: For the Year Ended September 30, 2003

The findings from the September 30, 2003 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS — FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

03-01 Payroll

Recommendation: Procedures should be implemented requiring the completion of an employment application and payroll tax forms prior to adding new employees to the payroll.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

FINDINGS — MAJOR FEDERAL AWARD PROGRAM

MANAGEMENT CONTRACT — PASS THROUGH NUMBER 14.850

REPORTABLE CONDITIONS

03-01 Payroll

Recommendation: Procedures should be implemented requiring the completion of an employment application and payroll tax forms prior to adding new employees to the payroll.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

03-02 Management Contract

Recommendation: B. W. Cooper, RMC should submit the following to HANO timely:

- Equipment and material inventory report—within thirty days following the end of the year.
- Audit report with CPA's comments and any corrective actions taken due by January 31st of each year.

Action Taken: Since the date of the exit conference we have met with the employees responsible for filing the reports. As a result, we discussed the importance of filing the reports in a timely manner. In the future, we will comply with filing the reports on time.

If the oversight agency has questions regarding this plan, please call Eric Lilly, B. W. Cooper, RMC, Comptroller, (504) 822-8840.

Sincerely,



Eric Lilly, Comptroller

B.W. COOPER, RMC

FOR THE YEAR ENDED SEPTEMBER 30, 2003

MANAGEMENT LETTER

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