



96 JUL 22 AM 9:31

OFFICIAL  
FILE COPY

**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

NEW ORLEANS COUNCIL FOR YOUNG CHILDREN - ALLISON L.  
CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER

INDEPENDENT AUDITOR'S REPORT ON THE  
FINANCIAL STATEMENTS AND THE RELATED  
SINGLE AUDIT REPORTS FOR FISCAL  
YEAR ENDED DECEMBER 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-7-96

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN - ALLISON L.  
CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b><u>FINANCIAL STATEMENT AUDIT:</u></b>	
INDEPENDENT AUDITOR'S REPORT	1
BALANCE SHEET	2
STATEMENT OF ACTIVITY	3
STATEMENT OF CHANGES IN FINANCIAL POSITION	4
NOTES TO THE FINANCIAL STATEMENTS	5
<b><u>SINGLE AUDIT:</u></b>	
INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL AWARDS	7
SCHEDULE OF FEDERAL AWARDS	8
NOTES TO THE SCHEDULE OF FEDERAL AWARDS	9
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	10
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF DHH OPH FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	12
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-133	14

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO A FEDERAL AWARD PROGRAM	17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the accompanying balance sheet of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a nonprofit organization) for the fiscal year ended December 31, 1995, and the related statement of activity and changes in financial position for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB Circular A-133 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 the 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 accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center and the results of operations and its cash flows for the fiscal year ended December 31, 1995, in conformity with generally accepted accounting principles.

New Orleans, Louisiana  
May 14, 1996

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN IN NEED -  
 ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
 BALANCE SHEET  
 AS OF DECEMBER 31, 1995**

---

**ASSETS**

Cash	\$ 33,157
Due from Grantor	34,122
Due from Other Programs	<u>1,558</u>
 Total Current Assets	 <u>68,837</u>

**EQUIPMENT**

Office Equipment	19,154
Less: Accumulated Depreciation	<u>(6,448)</u>
 Total Equipment, Net	 <u>12,706</u>

<b>TOTAL ASSETS</b>	<b>\$ <u>81,543</u></b>
---------------------	-------------------------

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Contracts Payable	\$ 11,301
Payroll Tax Liabilities	<u>6,446</u>
 Total Liabilities	 <u>17,747</u>

<b>FUND BALANCE</b>	<u>63,796</u>
---------------------	---------------

<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ <u>81,543</u></b>
---	-------------------------

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

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN IN NEED -  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
STATEMENT OF ACTIVITY  
FOR THE GRANT PERIOD ENDED DECEMBER 31, 1995**

---

<b>REVENUE</b>	
Maternal and Child Health Grant	\$ 123,208
Office of Public Health	44,758
Unrestricted Donations	<u>33,140</u>
Total Revenue	<u>201,106</u>
<b>OPERATING EXPENSES</b>	
Salaries and Related Benefits	89,041
Contractual	81,195
Office Expense	21,083
Medical Supplies	10,367
Depreciation Expense	<u>1,662</u>
Total Operating Expenses	<u>203,348</u>
Net Loss	(2,242)
Fund Balance, Beginning	<u>66,039</u>
Fund Balance, Ending	<u>\$ 63,797</u>

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

NEW ORLEANS COUNCIL FOR YOUNG CHILDREN IN NEED -  
 ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 1995

---

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Loss	\$ (2,242)
Reconciliation of Net Cash Flows From Operating Activities:	
Depreciation	1,661
Changes In Assets and Liabilities:	
Due From Other Programs	(2,865)
Due From Grantor	(32,632)
Contracts Payable	11,301
Payroll Tax Liabilities	<u>6,320</u>
Net Cash Used In Operating Activities	<u>(18,457)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Payments For Capital Acquisitions	<u>(2,054)</u>
Net Cash Used In Investing Activities	<u>(2,054)</u>
Net Decrease In Cash	(20,511)
Cash, Beginning of Year	<u>53,668</u>
Cash, End of Year	\$ <u><u>33,157</u></u>

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

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

*General* - New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) is a partnership between the New Orleans Council For Young Children (the Council) and the Allison L. Chapital Lawless School Based Health Center, which is located on the campuses of the Lawless Junior and Senior High Schools in New Orleans, Louisiana. The services offered by the Center include and are not limited to sports and employment physicals, obstetrical/gynecologist services, immunizations, acute care counseling, substance abuse, social psychological screening and dental screening. The Center also offers referrals for those conditions for which treatment services are not available on site.

The Center receives funding from the Department of Health and Hospitals Office of Public Health - Adolescent School Health Services. This funding is partially pass - through funding from Federal Maternal and Child Block Health Grant and partially Office of Public Health state funds. Other sources of revenue include contributions from private donors.

*Basis of Accounting* - The financial statements of the Center are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

*Due from Grantor* - Amounts due from the grantor include amounts spent but not yet reimbursed.

*Due from Other Programs* - Due from Other Programs represents short-term loans to other programs sponsored by the New Orleans Council For Young Children.

*Contracts Payable* - Contracts payable are amounts billed, but not yet paid for medical services provided by Tulane University.

*Cash and Cash Equivalents* - For purposes of the statement of cash flows, the Council considers all applicable cash accounts to be cash equivalents.

**Equipment** - Equipment is valued at historical cost. Maintenance and repairs are charged to operations as incurred, whereas, significant renewals and/or betterments are capitalized. Depreciation is computed using the straight line method over a three (3) to five (5) year estimated useful life.

**Prospective Impact of Recently Issued Accounting Standards** - The Center is currently analyzing Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are currently recorded as the cash is received. This statement is required to be implemented not later than the years beginning December 30, 1995 will result in the recognition of contributions on an accrual basis.

In June 1993, The Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 establishes standards for general purpose external financial statements provided by a not-for-profit organization in an effort to enhance the relevance, understandability, and comparability of the financial statements issued for those organizations. Management does not believe that this statement, which will be required to be implemented not later than the years beginning December 30, 1995, will have a material effect on the Center's financial statements.

## 2. **RELATED PARTY TRANSACTIONS**

The Allison L. Chapital Lawless School Based Health Center is located on the Lawless Junior and Senior High School Campus. The land on which the Center is housed was donated to the Center by the Orleans Parish School Board. The fair market value of this transaction is not determinable at December 31, 1995.

## 3. **SUBSEQUENT EVENTS**

Subsequent to the end of the audit period the Center was approved for a grant from the Office of Public Health for \$75,000. The grant period begins November 1, 1995 and ends June 30, 1996.

SINGLE AUDIT REPORTS



**INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a non-profit organization) for the year ended December 31, 1995, and have issued our report thereon dated May 14, 1996. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Organizations." Those standards and OMB Circular A-133 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 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center. The accompanying Schedule of Federal Awards for the year ended December 31, 1995, is the responsibility of the Center's management and is presented for purposes of additional analysis and is not a required part of the financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Center's Board of Directors, management, the Department of Health and Hospitals and the Legislative Auditor of the State of Louisiana. This is not intended to limit the distribution of this report, which is a matter of public record.

New Orleans, Louisiana  
May 14, 1996

NEW ORLEANS COUNCIL FOR YOUNG CHILDREN IN NEED-  
 ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
 SCHEDULE OF FEDERAL AWARDS  
 FOR THE GRANT PERIOD ENDED DECEMBER 31, 1995

---

Federal Grantor/ Pass Through Grantor	Federal CFDA Number	Expenditures
Dept. of Health & Hospitals Maternal & Child Health Block Grant	93.994	\$ 123,208
Total		\$ <u>123,208</u>

The accompanying notes are an integral part of this schedule.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

*General* - New Orleans Council For Young Children - Allison L. Chapital awless School Based Health Center (the Center) is a non - profit corporation which is located on the Lawless Junior/Senior High School Campus. The services offered by the Center include sports and employment physicals, obstetrical/gynecologist services, immunizations, acute care counseling, substance abuse, social psychological screening and dental screening. The Center also offers referral for those conditions for which treatment services are not available on site.

The Center receives its funding from grants and donations. The majority of the Center's funding is received from the Louisiana Department of Health and Hospitals Office of Family Support with Federal pass-through funds from the Maternal and Child Health Block Grant.

*Basis of Accounting* - The financial statements of the Center are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. The accompanying schedule of federal awards is reported on the accrual basis of accounting.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN  
AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a non-profit organization) and for the fiscal year ended December 31, 1995 and have issued our report thereon dated May 14, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the grant fund is the responsibility of the Center's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the Center's compliance with certain provisions of laws, regulations, contracts, and the grant agreement. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in laws, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed material and immaterial instances of noncompliance disclosed in the attached Schedule of Findings and Questioned Costs.

We considered these instances of noncompliance in forming our opinion on whether the Center's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 14, 1996, on those financial statements.

This report is intended for the information of the Center's Board of Directors, management, the Department of Health & Hospitals and the City of New Orleans. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script, appearing to read "Luther S. Davis".

New Orleans, Louisiana

May 14, 1996



**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of the New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a non-profit organization) for the year period ended December 31, 1995, and have issued our report thereon dated May 14, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing standards issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Center is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors, irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Center for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

- Improper authorization of cash disbursements
- Improper cancellation of invoices
- Inadequate checking of invoices for mathematical errors (by vendors)

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Center's Board of Directors, management, the Office of Health and Hospitals and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



New Orleans, Louisiana

May 14, 1996



**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL  
STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 14, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1995, we considered the Center's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Center's financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated May 14, 1996.

The management of the Center is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting Controls:

- Grant Revenues and Cash Receipts
- Purchases and Cash Disbursements
- General Ledger and Financial Reporting
- Grant Accounting

Controls used in administering compliance with Laws and Regulations:

General Requirements:

- Political Activity
- Civil Rights
- Drug-Free Workplace Act
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Administrative Requirements

Specific Requirements:

- Types of services
- Eligibility
- Advances and reimbursements
- Amounts claimed or used for matching as determined by the OMB Circulars A-21 and other applicable cost principles or regulations that are applicable to each of its major programs
- Reporting
- Eligibility

For all of the control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center had one major program and expended 100% of its total federal awards under its major program.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned major program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Center's ability to administer federal award programs in accordance with applicable laws and regulations.

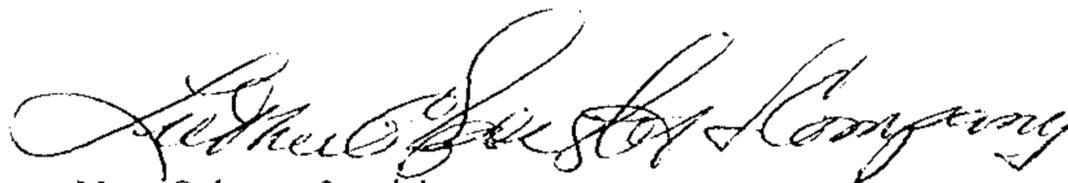
The reportable conditions noted are as follows:

- Improper authorization of cash disbursements
- Improper cancellation of invoices
- Inadequate checking of invoices for mathematical errors (by vendors)

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weaknesses.

This report is intended for the information of the Center's Board of Directors, management, the Department of Health and Hospitals and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



New Orleans, Louisiana  
May 14, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS  
PROGRAMS**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a non-profit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 14, 1996.

We have applied procedures to test the Center's compliance with the following requirements applicable to its federal programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995: political activity, civil rights, federal financial reports, allowable costs, Drug-Free Workplace Act, and administrative requirements.

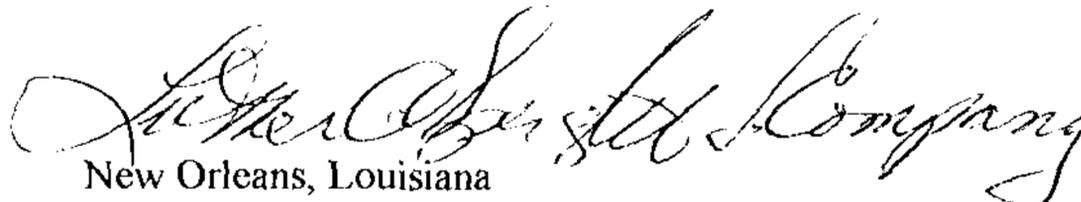
Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Organizations". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Center's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow the general requirements that caused us to conclude that the misstatements resulting from those failures are material to the Maternal and Child Health Block Grant. The results of our tests of compliance disclosed the material instances of noncompliance that are described in the accompanying Schedule of Findings and Questioned Costs.

We considered these material instances of noncompliance in forming our opinion on whether the New Orleans Council for Young Children In Need Allison L. Chapital Lawless Junior/Senior High School Based Health Center's 1995 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 14, 1996, on those financial statements.

Except as described above, the results of our procedures to determine compliance indicate that, with respect to the items tested, the Center complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing come to our attention that caused us to believe that the New Orleans Council for Young Children - Allison L. Chapital Lawless School Based Health Center had not complied, in all material respects, with those requirements. However, the results of our procedures also disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Center's Board of Director's, management, the Department of Health and Hospitals and the Legislative Auditor of the State of Louisiana.

  
New Orleans, Louisiana  
May 14, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD  
PROGRAMS**

To the Board of Directors of  
New Orleans Council For Young Children - Allison L. Chapital Lawless School Based  
Health Center

We have audited the financial statements of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center (the Center) (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 14, 1996.

We have also audited the compliance of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center with the requirements governing types of services allowed or unallowed; eligibility; special tests and provisions; and claims for advances and reimbursements applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1996. The management of New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center is responsible for the Center's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended December 31, 1995.

This report is intended for the information of the Center's Board of Directors, management, the Department of Health and Hospitals and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



New Orleans, Louisiana

March 14, 1996

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #1: DRUG-FREE WORKPLACE POLICY**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

We noted during our examination that the Center does not have a published Drug-Free Workplace Policy of its own.

**CAUSE OF CONDITION:**

This condition is caused by the Center utilizing the School Board's policy regarding the Drug-Free Workplace Act which was never formally adopted by the Center.

**EFFECT OF CONDITION:**

The effect of this condition is noncompliance with the general requirement requiring a Drug-Free Workplace Policy.

**CRITERIA:**

The general requirement located in the "Compliance Supplement for Not-for-Profits and Educational Institutions" states : "All recipients receiving grants, including cooperative agreements, from any Federal agency must certify to the agency that his or her conduct of grant activity will be drug-free. The recipient certifies that it will provide a drug-free workplace by: publishing a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of controlled substance is prohibited in the grantee's workplace and specifying that actions that will be taken against the employee for violation of such prohibition."

**RECOMMENDATION:**

We recommend that the Center adopt its own Drug-Free Policy in order that compliance with the General Requirement can be accomplished.

**MANAGEMENT RESPONSE:**

At the next scheduled meeting of the Advisory Committee a Drug-Free Workplace Policy will be proposed for adoption and all employees will be notified of the policy.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #2: TIMELY COST REPORT SUBMISSION**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

We noted during our testing of the required cost reports that six of the ten months tested were submitted from eight (8) to sixty (60) days late.

**CAUSE OF CONDITION:**

This condition was caused by the failure to adhere to the time table for submission as outlined in the grant document.

**EFFECT OF CONDITION:**

The effect of this condition is noncompliance with the grant requirement.

**CRITERIA:**

Per discussion with a representative from the Office of Public Health, we discovered that cost reports are due on the fifteenth of the month subsequent to the month applied for.

**RECOMMENDATION:**

We recommend that the Center implement the necessary procedures to ensure timely submission of cost reports.

**MANAGEMENT RESPONSE:**

The fiscal agent will assume responsibility for seeing that all OPH cost reports are filed by the fifteenth of the following month.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #3: NO AUDIT PERFORMED IN PRIOR YEAR**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

During our audit it was noted that New Orleans Council For Young Children - Allison L. Chapital Lawless School Based Health Center did not have an audit performed for the year ended December 31, 1994.

**CAUSE OF CONDITION:**

This condition is caused by the Center not being aware of the audit requirements within the grant document.

**EFFECT OF CONDITION:**

The effect of this condition is the Center's noncompliance with the audit requirements in the grant.

**CRITERIA:**

The Single Audit Act of 1984 requires a single audit for any recipient of federal funds of \$100,000 or more within a fiscal year; furthermore, the grant contract with the Department of Health and Hospitals also specifically refers to the Single Audit Act

**RECOMMENDATION:**

We recommend that the Center adhere to the requirements of the grant contract and the Single Audit Act by obtaining the required frequency of audits of the grant funds.

**MANAGEMENT RESPONSE:**

For all future contracts, the single audit requirement will be met.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #4: PROPER AUTHORIZATION**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

We noted that in one of the twenty-five disbursements tested, the required number of signatures was not present on the check.

**CAUSE OF CONDITION:**

This condition is caused by oversight on the Center's review of signatures on payments.

**EFFECT OF CONDITION:**

The effect of this condition is failure to follow the Center's controls requiring two signatures for disbursements over \$600.

**CRITERIA:**

The Center has established policies which state that all checks over \$600 require two signatures.

**RECOMMENDATION:**

We recommend that procedures be established to ensure that the Center has the two required signatures on disbursements over \$600.

**MANAGEMENT RESPONSE:**

The standard procedure is for the first signatory to make sure a second signature is secured for all checks in amounts of \$600 or more. This procedure will be strictly enforced in future years.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #5: REIMBURSEMENT CLAIMED PRIOR TO PAYMENT**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

We noted during our testing of disbursements that the request for payment from the grantor of a reimbursable expense for one of the twenty-five disbursements tested was made prior to the Center's payment of the expense.

**CAUSE OF CONDITION:**

This condition is caused by the Center having cash flow problems toward the end of the audit period.

**EFFECT OF CONDITION:**

The effect of this condition is noncompliance with contract requirements.

**CRITERIA:**

The standard provisions of the Office of Public Health require that payment of the reimbursable expense be made prior to the request for reimbursement.

**RECOMMENDATION:**

We recommend that procedures be established to limit the reimbursement of funds to amount already expended.

**MANAGEMENT RESPONSE:**

It is the Center's policy that no reimbursement is to be requested until the monies have been expended, and this policy will be strictly be adhered to.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #6: MATHEMATICAL ACCURACY OF INVOICES SUBMITTED**

**QUESTIONED COST: \$96**

**CONDITION:**

We noted during our testing of disbursements that one of the twenty-five invoices tested did not cross-foot creating an overpayment of \$96.

**CAUSE OF CONDITION:**

This condition is caused by failure to perform mathematical checks on invoices before payment is made.

**EFFECT OF CONDITION:**

The effect of this condition is questioned costs of \$96.

**CRITERIA:**

A good internal control system should be designed to prevent the overpayment of invoices by performing mathematical checks on invoices before payment is made.

**RECOMMENDATION:**

We recommend that math checks be performed on each invoice before payment is rendered.

**MANAGEMENT RESPONSE:**

Management will follow-up to obtain a refund for the \$96 overpayment. Accounting procedures will include re-footing invoices before payment is made.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #7: PROPER CANCELLATION OF INVOICES**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

During our testing of disbursements we noted that thirteen of the twenty-five disbursements made did not contain cancellations on the face of the invoice.

**CAUSE OF CONDITION:**

This condition is caused by the Center not having a system to prevent duplicate payment.

**EFFECT OF CONDITION:**

The effect of this condition is an immaterial weakness in the internal control structure as it relates to preventing duplicate payment.

**CRITERIA:**

A good internal control system should be designed to prevent the duplication of payment by properly canceling the invoice once it has been processed for payment.

**RECOMMENDATION:**

We recommend that procedures be established to ensure that duplicated payments are prevented by proper cancellation of the invoice when the payment is processed.

**MANAGEMENT RESPONSE:**

Procedures have been established in the last three months to mark all invoices paid at the time the check is issued.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #8: TESTING OF STUDENT FILES**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

We tested twenty-five student files of the Center's users. We noted the following conditions as they relate to specific compliance requirements as noted in the grant document:

- a) Three of the twenty-five files tested did not have immunization records on file.
- b) Four of the twenty-five files tested did not have documented medical histories on file.
- c) One of the twenty-five files tested did not have dated consent forms on file.
- d) One of the twenty-five files tested did not have a signed consent form on file.

**CAUSE OF CONDITION:**

These conditions are caused by failure of the Center to adhere to its procedures to include certain documents in the student's files.

**EFFECT OF CONDITION:**

The effect of this condition is noncompliance with the Center's established procedures as they relate to file maintenance.

**CRITERIA:**

Each patient file should have signed dated consent forms, immunization records and medical histories should be present on those students receiving medical treatment.

**RECOMMENDATION:**

We recommend that procedures be established to periodically review the student's files to ensure that the files are complete.

**MANAGEMENT RESPONSE:**

We have established procedures to periodically review all student files to verify that they are complete.

**NEW ORLEANS COUNCIL FOR YOUNG CHILDREN  
ALLISON L. CHAPITAL LAWLESS SCHOOL BASED HEALTH CENTER  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

---

**FINDING #9: LATE AUDIT**

**QUESTIONED COST: NOT APPLICABLE**

**CONDITION:**

It was noted that the audit was not engaged, completed, or issued within six months of the close of the entity's fiscal year.

**CAUSE OF CONDITION:**

The Center did not engage an auditor within a timely manner.

**EFFECT OF CONDITION:**

This condition results in a material issue of noncompliance.

**CRITERIA:**

State law (Louisiana Revised Statute 24:513) requires that the audit be completed and issued within six months of the close of the entity's fiscal year.

**RECOMMENDATION:**

The Center should ensure that all future audits are engaged and completed within six months of the close of the fiscal year.

**MANAGEMENT RESPONSE:**

We will implement the necessary procedures to ensure that all audits are engaged, completed and issued within a timely manner.

