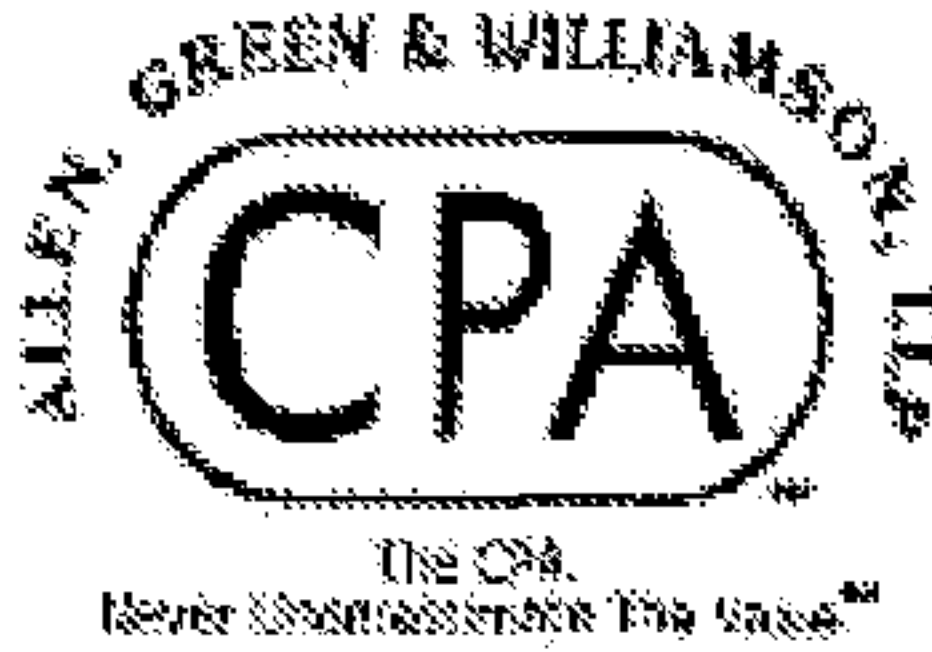


**Monroe Sheltered Workshop, Inc., dba Taskforce
Monroe, Louisiana**

**Annual Financial Report
As of and for the Year Ended December 31, 2001**

**Monroe Sheltered Workshop, Inc., dba Taskforce
Table of Contents**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7
<u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	8-9
Schedule of Findings and Questioned Costs	10-11
OTHER INFORMATION	
Corrective Action Plan for Current-Year Findings and Questioned Costs	13-15
Management Letter Items	16
Management Letter	17-18



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71203

Phone: (336) 388-4422

Fax: (336) 388-4664

Toll-free: (888) 741-0206
www.allengreencpa.com

Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1965 - 2000

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Monroe Sheltered Workshop, Inc., dba Taskforce
Monroe, Louisiana

We have audited the accompanying financial statements of Monroe Sheltered Workshop, Inc., dba Taskforce, as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the Taskforce'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 of America. These 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Monroe Sheltered Workshop, Inc., dba Taskforce, as of December 31, 2001, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2002, on our consideration of Monroe Sheltered Workshop, Inc., dba Taskforce's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Also, the accompanying other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Monroe Sheltered Workshop, Inc., dba Taskforce, Inc. 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
November 5, 2002

MONROE SHELTERED WORKSHOP, INC.
dba TASKFORCE

STATEMENT OF FINANCIAL POSITION
December 31, 2001

ASSETS

	<u>Unrestricted</u>
Current Assets	
Cash	\$ 8,004
Accounts receivable	23,105
Inventory	<u>11,571</u>
Total Current Assets	42,780
Fixed Assets, net	<u>24,087</u>
TOTAL ASSETS	<u>66,867</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	27,302
Current maturities of debt	<u>2,683</u>
Total Current Liabilities	29,985
Long-Term Debt	<u>21,716</u>
TOTAL LIABILITIES	51,701
Net Assets	
Unrestricted	<u>15,166</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 66,867</u>

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

MONROE SHELTERED WORKSHOP, INC.
dba TASKFORCE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2001

	<u>Unrestricted</u>
PUBLIC SUPPORT AND REVENUE	
Sales	\$ 188,342
Cost of sales	<u>99,340</u>
Gross profit	89,002
Concession sales	2,563
Grants	153,576
Donations and fund drives	<u>3,689</u>
Total Public Support and Revenue	<u>248,830</u>
EXPENSES	
Vocational adjustment services	245,220
Administrative and management	<u>31,617</u>
Total cost of operations before depreciation	<u>276,837</u>
Change in net assets before depreciation	(28,007)
Depreciation	<u>9,792</u>
Change in net assets	(37,799)
Net Assets, Beginning of Year	<u>52,865</u>
Net Assets, End of Year	<u>\$ 15,166</u>

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

MONROE SHELTERED WORKSHOP, INC.
dba TASKFORCE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2001

	<u>Unrestricted</u>
Cash Flow From Operating Activities	
Change in Net Assets	\$ (37,799)
Adjustments to reconcile net decrease in net assets to net cash used in operations:	
Depreciation	9,792
(increase) Decrease in:	
Accounts receivable	23,754
Inventory	14,974
Increase (Decrease) in:	
Accounts payable and accrued expenses	<u>(7,982)</u>
Net cash provided (used) by operating activities	<u>2,739</u>
Cash Flow From Investing Activities	
Purchase of equipment	(1,600)
Cash Flow From Financing Activities	
Payments on note and line of credit	<u>(7,463)</u>
Net Increase (Decrease) in Cash	(6,324)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>14,328</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,004</u>
Interest paid during the year	\$ 2,876
Income tax paid during the year	\$ 0

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

Monroe Sheltered Workshop, Inc., dba Taskforce

**Notes to the Financial Statements
December 31, 2001**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Purpose The Taskforce was organized without capital stock under Louisiana law on November 14, 1979, as a non-profit corporation to maintain and operate a sheltered workshop for employment and vocational adjustment services, in a sheltered setting, for those individuals who, because of their disability, are unemployable in the competitive labor market. The Taskforce sells products such as stakes and pallets to local area vendors.

Income Taxes The Corporation is qualified as an organization exempt from federal income taxes, pursuant to paragraph 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is necessary.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory Inventory consists of stakes, lumber and pallets. All inventory items are valued at cost (first-in, first-out).

Fixed Assets Fixed assets are capitalized at the time they are purchased or constructed. Public domain or infrastructures are capitalized (construction period interest is capitalized). All fixed assets costing more than \$50 are capitalized. An asset may be capitalized if its cost is less than \$50 if it is considered to have a long useful life.

Revenue Recognition Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor - restricted contributions are reported as an increase in temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contract Receivables Products sold under contract are billed when complete. Payment is due within ten days of receipt of invoice. Accounts considered uncollectible are written off within one year.

NOTE 2 - DEPOSITS AND INVESTMENTS At December 31, 2001, the Taskforce had cash and cash equivalents (book balances) as follows:

Demand deposit	<u>\$8,004</u>
----------------	----------------

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

At year-end, the Taskforce's carrying amount of deposits was \$8,604 and the bank balance was \$11,143. The bank balance was covered by federal depository insurance.

Monroe Sheltered Workshop, Inc., dba Taskforce

Notes to the Financial Statements

December 31, 2001

NOTE 3 - ACCOUNTS RECEIVABLE At year end, the Taskforce's accounts receivable consisted of the following:

Contracts	\$17,037
Grants	<u>6,068</u>
Total	<u>\$23,105</u>

The Taskforce expects to collect accounts receivable in full, therefore, no allowance for doubtful accounts is recorded.

NOTE 4 - PAYABLES At year end, the Taskforce's payables consisted of the following:

Vendor	\$22,790
Payroll taxes	3,976
Sales tax	<u>536</u>
Total	<u>\$27,302</u>

NOTE 5 - FIXED ASSETS Property and equipment are recorded at historical cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from five to 15 years. Details of the lives, cost, accumulated depreciation, and net book value are as follows:

	Estimated Useful Lives	Cost	Accumulated Depreciation	Net Book Value
Building improvements	15	\$ 2,945	\$ 1,664	\$1,281
Furniture and equipment	5 to 7	80,376	64,148	16,228
Vehicles	5	<u>21,095</u>	<u>14,517</u>	<u>6,578</u>
Total Fixed Assets		<u>\$104,416</u>	<u>\$80,329</u>	<u>\$24,087</u>

NOTE 6 - LINE OF CREDIT As of December 31, 2001, the Taskforce has a \$25,000 unsecured line of credit with a bank to be drawn upon as needed, with an interest rate of 6.75%. As of December 31, 2001, \$20,773 was due on the line of credit.

NOTE 7 - CAPITAL LEASE The Taskforce records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of the capital lease:

Type	Lease Date	Amount
Forklift	April 18, 2000	<u>\$7,600</u>

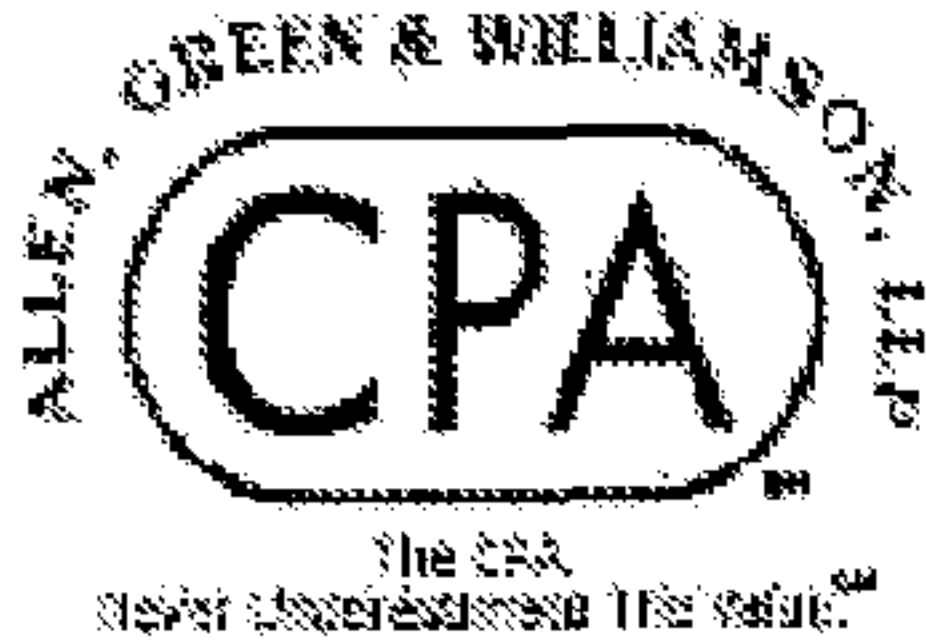
The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 2001:

<u>Calendar Year:</u>	
2002	\$ 2,878
2003	959
Less amount representing executory costs	<u>0</u>
Net minimum lease payments	3,837
Less amounts representing interest	<u>(211)</u>
Present value of net minimum lease payments	<u>\$ 3,626</u>
Current portion of lease	\$ 2,683
Long-term portion of lease	\$ 943

Monroe Sheltered Workshop, Inc., dba Taskforce

**Notes to the Financial Statements
December 31, 2001**

NOTE 8 - OPERATING LEASE The Taskforce leases its building under a lease which will expire in 2009. The monthly rental is \$145 for the remainder of the lease. Rental expense for the year was \$1,740.



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2414 Ferrand Street
Monroe, LA 71201

Phone: (318) 386-4422
Fax: (318) 386-4664

Toll-Free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Directors
Monroe Sheltered Workshop, Inc., dba Taskforce
Monroe, Louisiana

We have audited the financial statements of Monroe Sheltered Workshop, Inc., dba Taskforce, Monroe, Louisiana, as of and for the year ended December 31, 2001, and have issued our report thereon dated November 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Taskforce's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as items 01-F2 and 01-F5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Taskforce's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Taskforce's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 01-F1, 01-F3 and 01-F4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board and management, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

November 5, 2002

Monroe Sheltered Workshop, Inc., dba Taskforce
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2001

Reference # and title: **01-F1** **Inadequate Separation of Duties**

Criteria or specific requirement: Separation of duties is needed to provide a strong system of internal control which should reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited would be detected within a timely period by employees in the normal course of performing their assigned functions.

Condition found: All accounting functions for the Taskforce are performed by the office administrator. The office administrator makes deposits, posts receipts, signs checks, prepares, posts and mails disbursements, and also reconciles the bank statements.

Recommendations to prevent future occurrences: The Office Administrator should not sign checks since she performs all other accounting functions. The Executive Director should receive the unopened bank statement, review deposits and returned checks before giving the statement to the Office Administrator to reconcile. The Board should periodically review and approve expenses.

Reference # and title: **01-F2** **Capital Asset Records**

Criteria or specific requirement: Louisiana Revised Statute 24:515(B) requires auditees to maintain records of capital assets including asset description, cost, acquisition date, useful life, and location in building. To safeguard capital assets, a listing should be maintained on a continuous basis.

Condition found: The Taskforce does not maintain a listing of capital assets in accordance with state statutes.

Recommendations to prevent future occurrences: The Taskforce should develop a listing of all capital assets in accordance with LSA-R.S. 24:515(B). Policies and procedures should be adopted which will assure that the listing is maintained in the future.

Reference # and title: **01-F3** **Undocumented Vendor Expenses**

Criteria or specific requirement: Expenses should be documented with original invoices or other documentation to provide support for the expenses. Effective internal control should provide for documentation of approval of the invoice for payment.

Condition found: The following was noted from a test of vendor disbursements:

- Mileage rate of 32 cents per mile was not consistently used, some miles were reimbursed at 50 cents.
- One check had only one signature when two are required.
- Approval for payment was not documented on any of the disbursements tested.
- Three invoices were not paid timely.

Recommendations to prevent future occurrences: Invoices should reflect approval for payment. Mileage rate of 32 cents should be consistently used. All checks should have two signatures and all invoices should be paid timely. Invoices should reflect approval for payment.

**Monroe Sheltered Workshop, Inc., dba Taskforce
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2001**

Reference # and title: **01-F4** **Undocumented Payroll Expenses**

Criteria or specific requirement: Payroll expenses should be documented by employee timecards. Employee timecards should be reviewed and approved by a supervisor before submission for payment.

Condition found: The following was noted from a test of payroll disbursements:

One expenditure was not supported by a timecard.
Employee timecards were not approved by a supervisor.

Recommendations to prevent future occurrences: All payroll expenditures should be supported by employee timecards that have been reviewed and approved by a supervisor.

Reference # and title: **01-F5** **Late Filing of Audit Report**

Criteria or specific requirement: The state audit law requires that audit reports be filed with the Legislative Auditor's Office within six months of year end.

Condition found: The audit report for the year ended December 31, 2001 was filed after June 30, 2002.

Recommendations to prevent future occurrences: The Taskforce should familiarize themselves with the state audit law to ensure future reports are filed timely.

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the Taskforce. Management accepts full responsibility, for the accuracy of the information. This information has not been audited by the auditors and accordingly, no opinion is expressed.

Monroe Sheltered Workshop, Inc., dba Taskforce
Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 2001

Reference # and title: **01-F1** **Inadequate Separation of Duties**

Condition: Separation of duties is needed to provide a strong system of internal control which should reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited would be detected within a timely period by employees in the normal course of performing their assigned functions.

All accounting functions for the Taskforce are performed by the Office Administrator. The Office Administrator makes deposits, posts receipts, signs checks, prepares, posts and mails disbursements, and also reconciles the bank statements.

Corrective action planned: Plan to discuss with the Board having one of them to sign checks. The Executive Director will receive the unopened bank statement, review deposits and returned checks before giving the statement to the Office Administrator to reconcile. The Board will periodically review and approve expenses.

Person responsible for corrective action:

Kenny E. Johnson, Sr., Director	Telephone: (318) 323-3540
Monroe Sheltered Workshop, Inc., dba Taskforce	Fax: (318) 323-3546
411 Cargo Lane	
Monroe, LA 71203	

Anticipated completion date: December 31, 2002.

Reference # and title: **01-F2** **Capital Asset Records**

Condition: Louisiana Revised Statute 24:515(B) requires auditors to maintain records of capital assets including asset description, cost, acquisition date, useful life, and location in building. To safeguard capital assets a listing should be maintained on a continuous basis.

The Taskforce does not maintain a listing of capital assets in accordance with state statutes.

Corrective action planned: The Taskforce will begin tagging equipment and make a list of each item and location in the building. The Board will adopt a policy and establish procedures for maintaining records of capital assets.

Person responsible for corrective action:

Kenny E. Johnson, Sr., Director	Telephone: (318) 323-3540
Monroe Sheltered Workshop, Inc., dba Taskforce	Fax: (318) 323-3546
411 Cargo Lane	
Monroe, LA 71203	

Anticipated completion date: December 31, 2002.

**Monroe Sheltered Workshop, Inc., dba Taskforce
Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 2001**

Reference # and title: **01-E3** **Undocumented Vendor Expenses**

Condition: Expenses should be documented with original invoices or other documentation to provide support for the expenses. Effective internal control should provide for documentation of approval of the invoice for payment.

The following was noted from a test of vendor disbursements:

- Mileage rate of 32 cents per mile was not consistently used, some miles were reimbursed at 50 cents.
- One check had only one signature when two are required.
- Approval for payment was not documented on any of the disbursements tested.
- Three invoices were not paid timely.

Corrective action planned: Plan to let Board of Directors set mileage rate which will be consistently applied. Executive Director will document approval of invoices for payment by initialing the invoice.

Person responsible for corrective action:

Kenny E. Johnson, Sr., Director	Telephone: (318) 323-3540
Monroe Sheltered Workshop, Inc., dba Taskforce	Fax: (318) 323-3546
411 Cargo Lane	
Monroe, LA 71203	

Anticipated completion date: December 31, 2002.

Reference # and title: **01-E4** **Undocumented Payroll Expenses**

Condition: Expenses should be documented by employee timecards. Employee timecards should be reviewed and approved by a supervisor before submission for payment.

The following was noted from a test of payroll disbursements:

- One expenditure was not supported by a timecard.
- Employee timecards were not approved by a supervisor.

Corrective action planned: Before each payroll, the Executive Director will review and approve all time cards.

Person responsible for corrective action:

Kenny E. Johnson, Sr., Director	Telephone: (318) 323-3540
Monroe Sheltered Workshop, Inc., dba Taskforce	Fax: (318) 323-3546
411 Cargo Lane	
Monroe, LA 71203	

Anticipated completion date: Immediately.

Reference # and title: **01-E5** **Late Filing of Audit Report**

Condition: The state audit law requires that audit reports be filed with the Legislative Auditor's Office within six months of year end.

The audit report for the year ended December 31, 2001 was filed after June 30, 2002.

Monroe Sheltered Workshop, Inc., dba Taskforce
Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 2001

Corrective action planned: The Executive Director will read the state audit law to ensure the reporting requirements are met in the future.

Person responsible for corrective action:

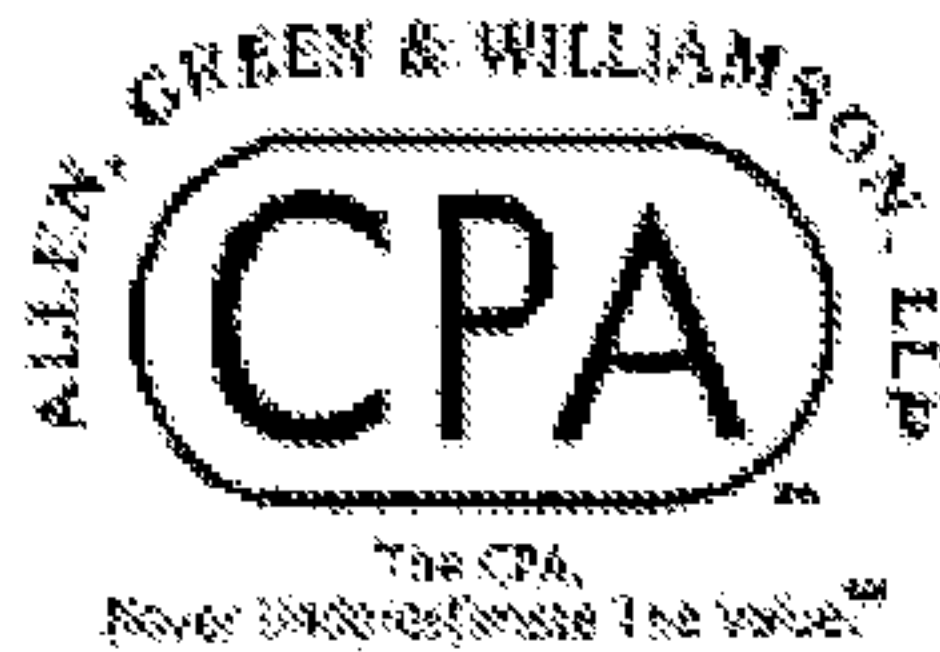
Kenny E. Johnson, Sr., Director
Monroe Sheltered Workshop, Inc., dba Taskforce
411 Cargo Lane
Monroe, LA 71203

Telephone: (318) 323-3540
Fax: (318) 323-3546

Anticipated completion date: immediately.

**Monroe Sheltered Workshop, Inc., dba Taskforce
Management Letter Items
For the Year Ended December 31, 2001**

Management Letter Items



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2434 Ferrand Street
Monroe, LA 71201

Phone: (318) 389-4422
Fax: (318) 389-4654

Toll-free: (888) 741-5205
www.allengreencpa.com

Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

Management Letter

Board of Directors
Monroe Sheltered Workshop, Inc., dba Taskforce
Monroe, Louisiana

In planning and performing our audit of the financial statements of the Monroe Sheltered Workshop, Inc., dba Taskforce, for the year ended December 31, 2001, we considered the Taskforce's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 5, 2002, on the financial statements of the Taskforce. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

01-M1 Purchasing Policy

Comment: The Taskforce does not have a written purchasing policy detailing when purchase orders should be used and who can approve purchase orders. Current Taskforce purchase orders were not dated, no cost was provided for items to be purchased, and did not indicate supervisor approval.

Recommendation: A written purchasing policy needs to be developed with guidelines stipulating when purchase orders should be used. The policy should be followed at all times. Purchase orders should be completed with vendor name, date, person ordering goods, description of goods, price estimate, and approval by appropriate personnel.

Management's Response: The Taskforce plans to develop a purchasing policy.

01-M2 Bank Reconciliation

Comment: Monthly bank reconciliations are not signed and dated by preparer. The year-end reconciled balance did not agree to the general ledger balance.

Recommendation: Bank reconciliations should be signed and dated by the preparer. The reconciled balance should equal the general ledger balance.

Management's Response: Make sure that all reconciliations are signed and dated by the end of each month. The adjusted bank balance will be reconciled to the general ledger balance.

* * * * *

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
November 5, 2002