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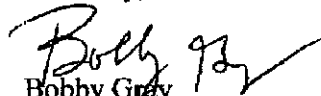
Office of the Louisiana Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Attached is the revised audit report for Operation Turn Around, Incorporated of Minden, Louisiana for the year ended December 31, 2006. The report is being reissued due to a report issued by the Office of the Inspector General of the State of Louisiana that cited several issues of concern. Once I reviewed the report, I became aware of some concerns that would have existed at the time of my initial report. Subsequent discovery of facts existing before and during the time of my report required that I contact management and consider the need to modify my report.

Although the organization has ceased operations, I was able to discuss the report with key management personnel. Upon consideration of facts verified by the organization, I determined that the concerns (See Note 8 of the report) were of such merit that, in my judgment, they compromised the entire internal control structure of the organization. It was determined that the report should be reissued with a disclaimer of opinion.

Please advise me if additional information is required.

Sincerely,

  
Bobby Gray  
Certified Public Accountant

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 11/12/08

**OPERATION TURN AROUND, INCORPORATED**  
**Minden, Louisiana**

**Financial Report**  
**December 31, 2006**

**Report Reissued**  
**June 26, 2008**

**Operation Turn Around, Incorporated  
Minden, Louisiana**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Operation Turn Around, Incorporated

I have audited the accompanying statement of financial position of Operation Turn Around, Inc. (a non-profit organization) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

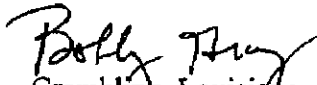
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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. I believed that my audit provided a reasonable basis for my opinion.

In my report dated August 14, 2007, I expressed an opinion that the financial statements referred to above did present fairly, in all material respects, the financial position of Operation Turn Around, Incorporated as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. As described in Note 8, there was a subsequent discovery of facts existing at the date of the audit report and, upon further examination and review, it appears that Operation Turn Around, Incorporated: did not disclose pertinent facts regarding related parties; relative inactivity of its board of directors; close relationship with another non-profit organization; and allegations of fraudulent reimbursement request submitted in a year not under audit. The new information has the potential of compromising the integrity of the entire internal control structure. Operation Turn Around Incorporated ceased operations at the end of 2007

when all of its contracting agencies discontinued funding. Accordingly, my opinion on the 2006 financial statements is different from that expressed in my previous report.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2008, on my consideration of Operation Turn Around, Incorporated's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Since Operation Turn Around, Incorporated did not disclose these facts during the original audit I was not able to apply additional auditing procedures to satisfy myself as to the impact or potential impact of this new knowledge on the financial statements. For this reason, the scope of my audit was not sufficient to justify the expression of an opinion had these facts been disclosed, and, as such, I withdraw my previous opinion and do not express an opinion on these financial statements.

  
Grambling, Louisiana  
June 26, 2008

**OPERATION TURN AROUND, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	1,570
Grants receivable		33,728
Other current assets		<u>-</u>
<b>Total Current Assets</b>		<b>35,298</b>

Equipment and Leasehold Improvements  
Other assets

-

**TOTAL ASSETS**

**\$ 35,298**

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$	33,728
<b>Total Current Liabilities</b>		<b>33,728</b>

**NET ASSETS**

Unrestricted net assets		1,570
Temporarily restricted net assets		<u>-</u>
<b>Total Net Assets</b>		<b>1,570</b>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 35,298**

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

**OPERATION TURN AROUND, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>			
Public Support:			
Government Grants	\$ 608,067	\$ -	\$ 608,067
Contributions	-	-	-
<b>Total Public Support</b>	<b>608,067</b>	<b>-</b>	<b>608,067</b>
Other Support:			
Interest income	-	-	-
Other	-	-	-
<b>Total Other Support</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PUBLIC SUPPORT AND OTHER SUPPORT</b>	<b>608,067</b>	<b>-</b>	<b>608,067</b>
<b>EXPENSES</b>			
Program services:			
Teen Pregnancy Prevention Program	170,178	-	170,178
After School for All Tutorial Program	153,340	-	153,340
Community Based Abstinence Education Program	284,551	-	284,551
<b>Total Program Services</b>	<b>608,067</b>	<b>-</b>	<b>608,067</b>
Supporting Services:			
Management and General	-	-	-
<b>Total Expenses</b>	<b>608,067</b>	<b>-</b>	<b>608,067</b>
<b>CHANGE IN NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,570</b>	<b>-</b>	<b>1,570</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,570</b>	<b>\$ -</b>	<b>\$ 1,570</b>

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

**OPERATION TURN AROUND, INCORPORATED**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**PROGRAM SERVICES**

	<b>TANF</b>			<b>Total</b>
	<b>Teen Pregnancy Prevention</b>	<b>After School For All Tutorial Program</b>	<b>Community Based Abstinence Education</b>	
Salaries	\$ 13,728	\$ 67,931	\$ 127,113	\$ 208,772
Fringe benefits		121		121
Purchased professional services	66,832	13,553		80,385
Purchased property services	14,606	17,005		31,611
Other purchased services	72,287	15,557		87,844
Contractual			108,791	108,791
Supplies	2,723	22,031	48,647	73,401
Other charges		17,142		17,142
	<u>\$ 170,176</u>	<u>\$ 153,340</u>	<u>\$ 284,551</u>	<u>\$ 608,067</u>

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

**OPERATION TURN AROUND, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>Cash Flows from Operating Activities:</b>	
Increase in Net Assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) decrease in receivables	(33,728)
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable and accrued expenses	<u>33,728</u>
Net cash provided by operating activities	-
<b>Cash Flows from Investing Activities:</b>	
Temporarily restricted net assets	<u>-</u>
Net cash used by investing activities	-
Increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	1,570
Cash and cash equivalents, end of year	<u>\$ 1,570</u>

The accompanying notes are an integral part of these statements.

**OPERATION TURN AROUND, INCORPORATED**  
**Minden, Louisiana**

**Notes to the Financial Statements**  
**December 31, 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Operation Turn Around, Incorporated (the Organization) is a nonprofit organization that was first incorporated under the laws of the State of Louisiana on March 2, 2005. The organization was formed for charitable and educational purposes under Section 501 ( c) (3) of the Internal Revenue Code..

**A. Basis of Accounting**

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

**B. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**C. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include demand deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

**D. Grants Receivable**

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed in full by the grantor and are due within the next twelve months.

**E. Equipment and Leasehold Improvements**

Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment and leasehold improvements are capitalized at cost. The

**OPERATION TURN AROUND, INCORPORATED**  
**Minden, Louisiana**

**Notes to the Financial Statements (Continued)**  
**December 31, 2006**

Organization's policy is to capitalize expenditures for those items with a cost of \$5,000 or more. For items that are capitalized, depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Furniture and equipment	5 - 7 years
Leasehold Improvements	Life of lease

**F. Donated Services and Material**

The Organization receives donated services from time to time from unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

**G. Contributions**

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose for that 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. Operation Turn Around, Inc. had no permanently restricted net assets during the period under audit.

**H. Income Taxes**

The Organization is tax exempt under Section 501 (c)(3) of the Internal Revenue Code and similar provision of the state code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

**OPERATION TURN AROUND, INCORPORATED**  
**Minden, Louisiana**

**Notes to the Financial Statements (Continued)**  
**December 31, 2006**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The Organization estimates that the fair value of its cash and cash equivalents does not differ materially from its carrying value as recorded in the accompanying financial statements at December 31, 2006.

**NOTE 3 – RECEIVABLES**

Receivables are deemed to be fully collectible by management and are composed of the following amounts due at December 31, 2006:

Louisiana Department of Education-TANF	\$ 33,728	..
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**NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable consist of the following at December 31, 2006:

Accounts payable - vendors	\$ 33,728
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**OPERATION TURN AROUND, INCORPORATED**  
**Minden, Louisiana**

**Notes to the Financial Statements (Continued)**  
**December 31, 2006**

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by the donor as follows:

Purpose restrictions accomplished:

Louisiana Department of Education	
Temporary Assistance for Needy Families -- ASFA	\$ 153,340
Temporary Assistance for Needy Families -- TPP	170,176
U.S. Department of Health and Human Services -- CBAE	<u>284,551</u>
Total net assets released from restrictions	<u>\$ 608,067</u>

**NOTE 7 - SUMMARY OF GRANTS/CONTRACTS**

Operation Turn Around, Inc. was primarily funded through the following grants and contracts for the period January 1, 2006 through December 31, 2006:

Funding Source	Number	Recognized
LA. Department of Education - AFSA	CFMS# 631962	\$ 153,340
LA. Department of Education - TPP	CFMS# 633303	170,176
U. S. Department of Health & Human Svcs	90AE0140/01	284,551
<b>Total</b>		<b>\$ 608,607</b>

**Note 8 – Subsequent Discovery of Facts Existing at the Date of the Auditor's Report**

When facts are discovered after the release of an independent auditor's report, the auditor must determine if the facts existed at the date of the report and if knowledge of these facts would have required the auditor to change the report. Months after the release of my report on Operation Turn Around, Incorporated for the year ended December 31, 2006, a report was issued by the Office of the Inspector General of the State of Louisiana that reported several facts that were not disclosed during the audit. The Inspector General's report cited several facts that I researched and determined that they appeared to be reliable.

In an interview with the Executive Director of Operation Turn Around (Reverend Charles Sims), the following information that was not disclosed during the audit for the calendar year 2006 was discovered:

- The President of the Board of Directors is the sister of the Executive Director
- The Vice President of the Board of Directors is the spouse of a staff member who is the daughter of the Board President and the niece of the Executive Director
- One other Board Member is the spouse of another board member who was listed with a different last name but was also listed as a staff member of the program
- Operation Turn Around initially shared the same facilities and student participant pool with another non-profit organization that provided similar services
- In 2005, prior to the initiation of the programs authorized by contracting authorities, a request for reimbursement for services was submitted without the knowledge or approval of the Executive Director. This request was rejected and the employee involved was later terminated. Although this was prior to the period under audit, it should have been disclosed when management and key personnel were questioned as to the existence of known fraud or allegations of fraud.
- The Board of Directors was alleged in the report to lack material participation in the governance of the organization when it could not produce minutes. During my audit, there was a reluctance to produce minutes but I was later provided with written minutes for four meetings held during 2006. Management indicated that some meetings were held and, on occasion, direction was received via telephone.
- Reverend Sims, at various times, did sign documents with multiple titles such as President/Founder, Executive Director, and Superintendent/Program Administrator. He indicated that he was Founder/President initially but resigned his position in order to

work directly with the program. He signed other titles as he believed they called for because he was the closest officer to the title per the various forms.

- As a result of concerns raised, all three funding agencies discontinued funding at the end of 2007 and Operation Turn Around ceased to exist. All employees were terminated; location was vacated; and records stored in a commercial facility.

**SUPPLEMENTARY INFORMATION**

OPERATION TURN AROUND, INCORPORATED  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Health and Human Services:			
Pass-through from State Department of Education - Temporary Assistance for Needy Families - AFSA	93.558	CFMS# 631962	\$ 153,340
Pass-through from State Department of Social Services - Temporary Assistance for Needy Families - Teen Pregnancy Prevention	93.558	CFMS# 633303	170,178
Administration for Children and Families (ACF) Community-based Abstinence Education	93.010		<u>284,551</u>
Total expenditures of federal awards			<u>\$ 608,067</u>

**OPERATION TURN AROUND, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

To the Board of Directors  
Operation Turn Around, Inc.  
Minden, Louisiana

I have audited the financial statements of Operation Turn Around, Inc. as of and for the year ended December 31, 2006, and have issued my report thereon dated August 14, 2007. I conducted my 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. My audit of the financial statements as of December 31, 2006, resulted in an unqualified opinion.

**Section 1 - Summary of Audit Results**

**A - Internal Control**

Material Weaknesses  yes  no Reportable  yes  no

Compliance Material to Financial Statements  yes  no

**B - Federal Awards**

**Internal Control**

Material Weaknesses  yes  no Reportable  yes  no

Type of Opinion on Compliance      Unqualified  Qualified  
For Major Programs                      Disclaimer  Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)? - No

**C - Identification of Major Programs:**

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low risk" auditee, as defined by OMB Circular A-133?  
No.

Section 2 - Financial Statement Findings

**2006-01 Disbursements**

When testing several disbursements for original documentation, 12 of 60 items Tested did not have adequate documentation to support the expenses, nor did evidence of cancellation of invoices appear.

**Recommendation:** I recommend that management establish and implement controls to monitor all disbursements and support those disbursements with invoices and receipts that match the checks written.

**2006-02 Payroll**

In testing several payroll transactions, I noted that calculations were not readily determinable with accurate accounts of hours worked, rate of pay, pay period ending, and appropriate signatures attesting to the facts.

**Recommendation:** I recommend that management establish and implement internal controls to facilitate timely and accurate payroll preparation supported by appropriate documentation.

**2006-03 Bank Reconciliation**

It was noted that bank statement reconciliations were not completed timely, or in some cases, accurately. Additionally, there was no evidence of supervisory review and approval of these reconciliations.

**Recommendation:** I recommend that management require timely and accurate preparation of bank reconciliations and that supervisory personnel review and approve those reconciliations. Such review and approvals should be evidenced by signature or initials with appropriate dates.

**2006-04 Annual Reporting**

The Organization's annual audited financial report for the year ended December 31, 2006 was not filed with the Louisiana Legislative Auditor's Office within six months after the close of the fiscal year as required by LSA-RS 24:513.

**Recommendation:** I recommend that management comply with applicable requirements of the Louisiana Audit Guide with regard to annual reporting.

**2006-05      Engagement Approval**

**The Organization did not meet the requirement for securing engagement approval prior to the close of its fiscal year from the Louisiana Legislative Auditor's Office.**

**Recommendation:** I recommend that management become familiar with and comply with applicable requirements for the engagement of an independent auditor within the time frame required by the Louisiana Legislative Auditor.

**Section 3 -      Federal Award Findings and Questioned Costs**

None.

**Section 4 -      Internal Control and Compliance Material to the Financial Statements**

The results of my auditing procedures of the financial statements as of and for the year ended December 31, 2006, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

**Section 5 -      Management Letter**

The following items were detailed:

- Management should ensure that staff responsible for fiscal record-keeping receive training appropriate for grant accounting.
- Management should ensure that procedures are implemented to properly separate and account for grant funds received by the organization.
- Management should review Internal Revenue Service guidelines for the determination of employee status versus independent contractor status.

**OPERATION TURN AROUND, INC.  
SUMMARY OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Not Applicable as this is the first year for an audit of this organization.**

**Bobby Gray**  
Certified Public Accountant

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors of  
Operation Turn Around, Inc.

I have audited the financial statements of Operation Turn Around, Inc. as of and for the year ended December 31, 2006, and have previously issued my report thereon dated August 14, 2007. I conducted my 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Operation Turn Around, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be Significant deficiencies. Significant deficiencies involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Operation Turn Around, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Significant deficiencies are described in the accompanying schedule of findings and responses as items: 2006-01 through 2006-05.

A material weakness is a significant deficiency 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 caused by error or fraud 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. My

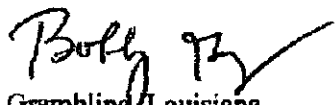
consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Subsequent discovery of facts that existed at the date of my previous report (See Note 8) evidenced a potential to compromise the internal control structure.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Operation Turn Around, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items:2006-01 through 2006-05.

I also noted certain additional matters that I reported to management of Operation Turn Around, Inc. in a separate letter dated August 14, 2007. A report was subsequently issued by the Office of the Inspector General for the State of Louisiana on November 2, 2007 which disclosed compliance issues for a period from 2005 through 2007 that would qualify as material weaknesses. These issues are discussed in Note 8 to the financial statements. Further discussion with management disclosed issues that would preclude the performance of further procedures.

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



Grambling, Louisiana  
June 26, 2008

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

Board of Directors of  
Operation Turn Around, Inc.

**Compliance**

I have audited the compliance of Operation Turn Around, Inc. with the type of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Operation Turn Around, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Operation Turn Around, Inc.'s management. My responsibility is to express an opinion on Operation Turn Around, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Operation Turn Around, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Operation Turn Around, Inc.'s compliance with those requirements.

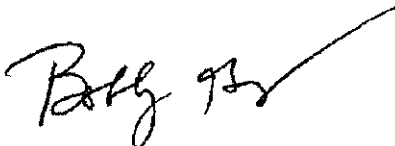
My original report issued August 14, 2007 indicated that Operation Turn Around, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, as indicated in Note 8, facts subsequently discovered that existed at the time of that report cited serious internal control violations that would compromise the integrity of the entire internal control structure of the Organization.

#### **Internal Control Over Compliance**

The management of Operation Turn Around, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Operation Turn Around, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Although I previously noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses, I must call attention to additional information provided in the previously mentioned Note 8.

This report is intended solely for the information and use of the audit committee, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Bobby Gray  
Certified Public Accountant  
June 26, 2008

**Bobby Gray**  
Certified Public Accountant

Accounting Services

Income Tax Services

Management Services

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

**MANAGEMENT LETTER**

To the Board of Directors  
Operation Turn Around, Inc.  
Minden, Louisiana

I have audited the financial statements of Operation Turn Around, Inc. as of and for the year ended December 31, 2006, and have issued my report thereon dated August 14, 2007. As part of the audit, I noted certain matters that I want to bring to the attention of management for consideration. I offer the following comments for the Organization's consideration:

1. Staff Training  
During my audit, I noted that staff responsible for fiscal recordkeeping were competent but could benefit greatly from training in grants accounting. The granting authorities who provided funds offer such training in various forms.
2. Proper Separation of Grant Funds  
During my audit, I noted that the separation of certain grant funds was not readily determined, especially in the case of funds for the Teen Pregnancy Prevention Program and the After School for All Program. These funds were both received from the Louisiana Department of Education as TANF funds and shared a bank account. Procedures should be implemented to separate these funds adequately for proper recordkeeping.
3. Employee Status Versus Independent Contractor Status  
It was noted during the audit that all staff people were designated as independent contractors and signed contracts indicating that status. Management should carefully review appropriate regulations of the Internal Revenue Code which list criteria for the determination of employee status.

This letter is intended for the information and use of the management of Operation Turn Around, Inc. and is not intended to be, and should not be, used by anyone other than management. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

Sincerely,

A handwritten signature in black ink, appearing to read "Bobby Gray", with a long horizontal flourish extending to the right.

Bobby Gray CPA

June 26, 2008



Community Based  
Abstinence Education

## Operation Turn Around

August 10, 2007

Steve J. Theriot, CPA, Legislative Auditor  
Office of Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

Bobby Gray, CPA  
P.O.B. 1145  
Grambling, La. 71245

**Ref: Corrective actions to the independent audit report:**

1. 2006-01 Audit Engagement and 2006-02 Annual Reporting Requirements (See Attachment) 12 month Meeting Agenda.
2. 2006-03 Control Over Disbursements (See Attachment) Internal Control Checklist #1.
3. 2006-04 Control Over Payroll (See Attachment) Internal Control Checklist #10.
4. 2006-05 Bank Statement Reconciliation (See Attachment) Internal Control Checklist #9.

Charles Sims  
Program Director

Rick Sims  
Accountant

## INTERNAL CONTROL CHECKLIST

Program	
Date:	
Preparer:	

	Procedures	Check	Initials
1.	All disbursements have invoices and receipts that equal the amt of check		
2.	The bank account reconciliation has been performed within 2 weeks and agrees to the ledger report balance.		
3.	The total of unpaid bills is supported by a detailed listing.		
4.	The detailed listing of unpaid bills has been reviewed to determine if significant delinquencies exist.		
5.	The decrease in the Fund, if applicable, is consistent with budgeted expectations.		
6.	Actual expenditures have been compared to budgeted amounts and prior years actual. Any significant fluctuations have been investigated to our satisfaction.		
7.	Actual revenues have been compared to budgeted amounts and prior year's actual. Any significant fluctuations have been investigated to our satisfaction.		
8.	Cash accounts appearing are consistent with the prior month. Differences have been explained to our satisfaction.		
9.	The bank reconciliations for all checking accounts have been reviewed and reconciled balances were agreed to the monthly report.		
10.	The payroll is accurately prepared and supported by appropriate documents		
11.	Monthly Report accurately support the amounts reflected on the Statement of Financial Position and Statement of Revenues and Expenditures.		
12.	The net change in Accrued expenses, if applicable, has been reviewed and found to be representative of new expenses		
13.	Individual charges to repairs and maintenance expense have been reviewed to ensure that it does not include capital expenditures.		

Where necessary, attach additional pages documenting the identification and resolution of matters not initially resolved to the accountant's satisfaction.

Upon completion of the above items, the accountant should consider the need to have the annual report reviewed by an outside auditor.

## 12-Month Meeting Agenda for the Finance Dept

- June** ..... Complete the Annual Financial Report and forward Report to the Legislative Auditor.
- September**..... Presentation of the Annual Financial Report to Board of Directors
- October** ..... First Quarterly Review and Report
- November** ..... Department Meeting and Review
- December**..... Department Meeting Review
- January**..... Second Quarterly Review and Report
- February**..... Forward Financial Report to Auditor
- 
- By March 1st**            Department Meeting and Review
- April**..... Completion of Independent Audit
- First Week of May**..... Department Meeting and Review
- May** ..... Final Review Independent Audit
- June**..... Submit audited reports to Legislative Auditor

## EXPENSE REIMBURSEMENT REQUEST

Agency/Program:	
Name of Person to be Reimbursed:	
Date:	

Date	Expenditure, Item or Description	Amount	Expense Classification
<b>TOTAL</b>		<b>\$</b>	

Approved: \_\_\_\_\_

Note: Attach all invoices and receipts.

