
INTEROFFICE MEMORANDUM

TO: SALIM AL-NURRIDIN
JACLIN DAVIS

FROM: CYNTHIA FITCH

SUBJECT: PROJECT HOPE AUDIT UPDATE

DATE: 8/7/11

CC: ELLA GRAYS, ADDIE ALLEN, MUHAMMAD

Per your request, I have audited the supporting documentation provided for the Quarterly Report for Project Hope. It should be noted that Project Hope, in addition to the Re-Entry Program, also runs a Day Care out of their facility. The issues regarding this will probably be noted in Jaclin's report, my report only covers the financial assessment of the 1st Quarter Report submitted by the organization. I feel the need to communicate this however, because it does impact the results of my review.

In summary, the results of my review indicate that Project Hope has a cash flow issue, and as it is for most small organizations, when funds are received, they are expended on the most pressing outstanding bills at the time. I noted that while IVPA funds may have been used for overhead and other program activities; funds received from another funding source, for the Day Care program, were used to cover some of the IVPA expenses. Under the categories reported to IVPA on the 1st Quarterly Report, I identified the following issues:

- Project Hope had a negative balance of \$754.39 in their General Fund when the IVPA check was deposited. When the IVPA funds it, it absorbed that negative balance.
- IVPA funds hit in April early in the month and were used to cover several outstanding expenses for the organization overall at the time to keep the doors open including overhead and those of the Day Care Program ran by the organization.
- When funds hit later in the month of April, Project hope did not pay off the outstanding balance of the expenses occurred to date for IVPA Re-Entry. In particular, the outstanding balance to A. Mathews of \$4,447.25 has not been paid.

Project hope does have a formal Check Request Form and Authorization Process to track IVPA expenses separately from other program expenses, and the expenses reported appear to be valid. In my opinion, I don't believe Project Hope was fraudulent in the expenses reported to IVPA, it is more a matter of timing of cash flows, lack of planning and communication, and bad decision making.

Please seed the attached Audit Summary showing the amount reported and my comments for each category.