

HOUSING AUTHORITY OF SLIDELL



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED OCTOBER 31, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Housing Authority of Slidell

October 2018

Audit Control # 70180016

Introduction

The Louisiana Legislative Auditor performed certain procedures at the Housing Authority of Slidell (Authority) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures was to assist the Authority in evaluating certain controls that the Authority uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Our procedures were more limited than an audit; therefore, we are not issuing an opinion on the Authority's financial statements nor the effectiveness of its internal control over financial reporting and compliance.

Results of Our Procedures

Follow-up on Prior-year Exceptions

We assessed the status/resolution of all exceptions reported in the Agreed-Upon Procedures Report dated September 29, 2017, and concluded that the prior-year exception regarding board oversight was not resolved and is repeated in the Current-year Results. All other prior-year exceptions were adequately resolved.

Current-year Results

1. Board Oversight

We reviewed board minutes and related documentation to assess whether the board met with a quorum at least monthly in accordance with its bylaws and best practices and whether board minutes referenced or included monthly budget-to-actual comparisons on the Enterprise Fund.

Exceptions: We noted that the board did not conduct four monthly meetings due to lack of a quorum. The minutes of the eight monthly meetings that were held included budget to actual comparisons.

Recommendation: The board should hold monthly meetings in compliance with its bylaws and best practices.

2. **Contracts**

We obtained from management a listing of contracts that were initiated or renewed during the fiscal period. We selected two contracts and related documentation and evaluated for legal requirements and best practices. No exceptions were noted.

3. **Credit Cards**

We obtained from management a listing of active credit cards. We selected five cards and two monthly statements for each card and observed whether each statement contained evidence that it was reviewed and approved by someone other than the authorized card holder. We also obtained supporting documentation for all transactions on the 10 statements and observed whether finance or late charges were assessed and whether all charges were supported by a written business purpose and itemized receipt.

Exceptions:

- The January 5, 2018, account statement for the Office Depot card did not include evidence that it was reviewed and approved by someone other than the authorized card holder or card user. The statement also included a finance charge of \$12.36.
- The December 27, 2017, account statement for the Chase Visa card included a \$39.00 late fee and a \$5.55 interest charge.
- The December 27, 2017, account statement for the Chase Visa card included purchases for 48 gift cards that were given to Authority residents as “aid and support of the needy.” The cost of each card with fee was \$29.94, for a total expenditure of \$1,437.12. While providing aid and support to the needy is a legally permissible use of public funds under Louisiana law (if performed with proper criteria for screening eligible persons under a social welfare program and not using restricted federal funds), we question whether providing gift cards is a reasonable mechanism for accomplishing this goal. Specifically, the Authority must demonstrate that gift cards are reasonably limited to the individuals who are the intended recipients and used for the public purpose for which the assistance was provided. We note that a gift card may be expended by individuals other than the person to whom it was provided and may be used for purposes other than the public purposes espoused in the Authority’s social welfare program.

Recommendations: Management should:

- Implement procedures to require that all account statements are reviewed and approved in writing by someone other than the authorized card holder or the person who incurred the charge.
- Implement procedures to require that credit cards bills are paid on or before each monthly due date to avoid late fees and finance charges.
- Consider using a mechanism other than gift cards to provide aid and support of the needy. Regardless of the mechanism used, the Authority should also maintain documentation to demonstrate that (1) expenditures are made under an established program of social welfare (in accordance with applicable federal and state requirements); (2) objective criteria is used to determine eligibility/neediness; and (3) those individuals selected meet the objective criteria.

4. Travel and Expense Reimbursement

We obtained a listing of travel and expense reimbursements from management and selected all four travel reimbursements for testing. We evaluated whether reimbursements were made in accordance with per diem rates established by the State of Louisiana or the U.S. General Services Administration (GSA). We also evaluated whether reimbursements were supported by itemized receipts; included a documented business or public purpose; and included documentation of review and approval by someone other than the person receiving the reimbursement. We noted that one reimbursement included meal charges that were not supported by itemized receipts; however, these meal purchases were less than the amounts allowed under state/GSA rates and are not considered exceptions for purposes of this test.

Recommendations: Management should implement procedures to require that all requests are supported by detailed, itemized receipts before reimbursing. Management may also consider adopting per diem reimbursements as a simpler alternative to actual cost reimbursements.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

APPENDIX A: MANAGEMENT'S RESPONSE



Housing Authority of the City of Slidell

1250 Dr. Martin Luther King Jr. Drive
P.O. Box 1392, Slidell, LA 70459
(985) 726-9000 (985) 259-4585 fax
www.slidellhousingauthority.org



Mr. Daryl G. Purpera, CPA
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Attn: Stuart Dickey

Dear Mr. Purpera:

Attached is the Housing Authority of Slidell's responses to your recent Advisory Services Procedural Report:

The HACS is working hard to clear all prior year findings, as well as our independent audit findings. Unfortunately, due to the size of the agency and the fact that various state and federal agencies have performed at four comprehensive reviews, it causes the HACS to sift the agency's priorities in order to accommodate the various requests. However, the HACS will be addressing staffing issues before the end of the calendar year which should provide additional resources to increase our effort regarding internal control management and more supervisory and Board oversight.

Observation #1: Board Oversight

HACS Response: The Board now has four (4) Board members which will provide some leeway relative to allowing Board members to avoid the stress of not having a quorum to conduct business. Where feasible the Board has and will continue to have monthly Board meetings during the fiscal year ending 3/31/2018.

Observation # 2: Contracts

HACS Response: None

Observation # 3: Credit Cards

HACS Response: Presently, all account statements are review by the Executive Director and approved in writing by the Director for both the staff and Board of Commissioners. A review of use of the credit cards by the Director is always reviewed and approved by the Chair and/or Vice-Chair.

HACS Response:

HACS agrees with this recommendation. Since bills are only paid on the 15th of the month, HACS has and will contact the card companies to request closing dates that coincide with our A/P schedule.

HACS Response:

The process of providing stipends and gift cards to the elderly of HACS has always been based on the needs of the residents of our elderly site. However, in the future documentation of the process and criteria for being a recipient will be documented as well. HACS will also make certain that any fees that are to be paid will be a factor in what the donation will entail.



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Observation # 4

HACS Response: HACS will take the recommendations of using GSA travel policy under advisement.

HACS appreciates the fact that while LLA performed the "Agreed Upon Procedures" it was done quickly and efficiently in consideration of the HACS's limited staffing resources.

Sincerely

A handwritten signature in cursive script that reads "Shelia J. Danzey".

Shelia J. Danzey
Executive Director

Cc: R. Larry, Chair, HACS
C. Broussard, Vice-Chair, HACS
P. Dearing, Commissioner, HACS
J. Graham, Commissioner, HACS
P. K. Andoh, Bruno & Tervalon

Encls:

Chair

Adrian Talbot, MD

Vice-Chair

Carol Broussard

Commissioner

Patricia Dearing

Commissioner

Rev. Ray Larry

Managing Director

Shelia J. Danzey

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