

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2010**

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 3/2/11

## TABLE OF CONTENTS

---

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4
STATEMENT OF NET ASSETS--ENTERPRISE FUND MARCH 31, 2010 .....	15
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2010 .....	16
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2010 .....	17
NOTES TO THE FINANCIAL STATEMENTS .....	19
<b>SUPPLEMENTARY INFORMATION:</b>	
Independent Auditors' Report on Supplementary Information .....	30
EXHIBIT I - Combining Statement of Net Assets--Enterprise Fund March 31, 2010 .....	32
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Assets--Enterprise Fund For the Year Ended March 31, 2010 .....	33
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2010 .....	35
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet March 31, 2010 .....	36
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended March 31, 2010 .....	40

## TABLE OF CONTENTS, CONTINUED

---

	<u>PAGE</u>
SCHEDULE IV - Statement of Capital Fund Program Costs (Incomplete) From Inception through March 31, 2010 .....	45
SCHEDULE V - Statement of Capital Fund Stimulus Grant (Incomplete) From Inception Through March 31, 2010.....	46
 INDEPENDENT AUDITORS' 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 .....	      47
 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	      51
 SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2010:	
Section I - Summary of Auditors' Results .....	55
Section II - Financial Statement Findings and Questioned Costs .....	57
Section III - Federal Award Findings and Questioned Costs .....	83
Section IV - Status of Prior Years' Audit Findings and Questioned Costs .....	140
Section V - Other Matters .....	167
 EXIT CONFERENCE .....	 185



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

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Morot, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana

We have audited the accompanying statements of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows- enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2010. These financial statements are the responsibility of **the Authority's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. Those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana  
Page 2

**The Authority** was not able to resolve an interfund out of balance condition in the amount of \$688,676. Further the lack of completeness of its capital assets (see finding reference number 2010-09), net assets to include our inability to determine the ultimate outcome and resolution to any potential investigation by HUD and/or other parties into some of the areas cited in our report to include the amount of questioned costs, impacted our ability to apply sufficient auditing procedures in those areas.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the interfund activities, the completeness of capital and net assets and subject to the final outcome and resolution to the questioned costs, the financial statements referred to above present fairly, in all material respects, the financial position of **the Authority** as of March 31, 2010, and the respective changes in net assets and cash flows of its enterprise fund 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 February 4, 2011, on our consideration of **the Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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 read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana  
Page 3

The management's discussion and analysis on pages 4 through 14 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

February 4, 2011

## HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS

---

As management of **Housing Authority of the City of Slidell (the Authority)**, we offer readers of **the Authority's** financial statements this narrative overview and analysis of the financial activities of **the Authority** for the fiscal year ended March 31, 2010. We encourage readers to consider the information presented here in conjunction with **the Authority's** accompanying financial statements.

### FINANCIAL HIGHLIGHTS

The assets of **the Authority** exceeded its liabilities by \$10,556,333 and \$9,453,059 at March 31, 2010 and 2009 (*net assets*). Of these amounts, \$5,100,101 and \$4,636,658 at March 31, 2010 and 2009 (*unrestricted net assets*) may be used to meet **the Authority's** ongoing obligations to citizens and creditors.

Restricted net assets were \$-0- at March 31, 2010 and 2009.

**The Authority's** enterprise fund reported net assets of \$10,556,333 and \$9,453,059 at March 31, 2010 and 2009, an increase in net assets of \$1,103,274 at 2010 and \$1,007,058 at 2009. These changes are primarily attributable to the financial impact of HUD's funding levels and changes in operating income.

**The Authority** had total operating revenues of \$84,750 and \$88,877 for the years ended March 31, 2010 and 2009, subsidies and capital grant revenues were \$3,085,704 and \$4,903,510 and non-operating revenues of \$33,892 and \$26,004. Total operating expenses for the years ended March 31, 2010 and 2009 were \$4,302,494 and \$3,556,253.

## HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

---

### FINANCIAL HIGHLIGHTS, CONTINUED

In summary, grants and subsidies from the Federal government constitutes 99% for 2010 and 2009 of the **Authority's** non-operating revenues with dwelling income accounting for 100% of its operating revenues for the years ended March 31, 2010 and 2009.

**The Authority** continues to operate without the need for debt borrowings through the current fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to the **Authority's** basic financial statements. **The Authority's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **The Authority** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, April 1, 2004, **the Authority** adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

### REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about **the Authority's** finances, "Is the **Authority** as a whole better off, or worse off, as a result of the achievements of fiscal years 2010 and 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about **the Authority** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.



## **HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

### **FUND FINANCIAL STATEMENT**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **The Authority**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **The Authority** has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - **The Authority's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **the Authority** to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **The Authority** is paid by HUD to administer the program.

Disaster Housing Assistance Program - This program provides transitional housing for families impacted by events caused by hurricane storms.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **the Authority's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of the **Authority's** units.

## **HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

### **USING THIS ANNUAL REPORT**

**The Authority's** annual report consists of financial statements that show information about the **Authority's** enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### **REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND**

**The Authority's** financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, **the Authority** may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

**The Authority's** enterprise fund used the following accounting approach:

Proprietary Funds - All of **The Authority's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**FINANCIAL ANALYSIS**

The Authority's net assets were \$10,556,333 and \$9,453,059 at March 31, 2010 and 2009. Of this amount, \$5,100,101 and \$4,636,658 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services. Restricted net assets were \$-0- at March 31, 2010 and 2009, respectively,

**Table 1  
Condensed Statement of Net Assets**

The following table represents a condensed Statement of Net Assets as of March 31, 2010 and 2009:

<b>Condensed Statement of Net Assets</b>		
<b>March 31</b>		
	<u><b>Assets</b></u>	
	<u><b>2010</b></u>	<u><b>2009</b></u>
Current assets	\$ 6,603,495	\$ 10,147,667
Capital assets, net	<u>5,456,232</u>	<u>3,526,828</u>
Total assets	<u>12,059,727</u>	<u>13,674,495</u>
	<u><b>Liabilities</b></u>	
Current liabilities	<u>1,503,394</u>	<u>4,221,436</u>
Total liabilities	<u>1,503,394</u>	<u>4,221,436</u>
	<u><b>Net Assets</b></u>	
Net assets:		
Invested in capital assets, net	5,456,232	3,526,828
Restricted	-0-	1,289,573
Unrestricted	<u>5,100,101</u>	<u>4,636,658</u>
Total net assets	<u>\$10,556,333</u>	<u>\$ 9,453,059</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**FINANCIAL ANALYSIS, CONTINUED**

**Table 2**

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets**

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended March 31, 2010 and 2009:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Years Ended March 31**

	<u>2010</u>	<u>2009</u>
Revenues:		
Operating revenues	\$ <u>84,750</u>	\$ <u>88,887</u>
Total operating revenues	<u>84,750</u>	<u>88,887</u>
Expenses:		
Operating expenses	<u>(4,302,494)</u>	<u>3,556,253</u>
Total operating expenses	<u>(4,302,494)</u>	<u>(3,556,253)</u>
Operating loss	<u>(4,217,744)</u>	<u>(3,467,366)</u>
Non-operating revenues:		
Non-operating revenues	<u>3,119,596</u>	<u>4,929,514</u>
Total non-operating revenues	<u>3,119,596</u>	<u>4,929,514</u>
Change in net assets	(1,098,148)	1,462,148
Beginning net assets, as restated	<u>11,654,481</u>	<u>7,990,911</u>
Ending net assets	\$ <u>10,556,333</u>	\$ <u>9,453,059</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**EXPLANATIONS OF FINANCIAL ANALYSIS**

Overall, net assets increased by 12% from 2009 to 2010.

That change in 2010 is reflected in the decrease in cash of about 38%. Also, capital assets addition of 55% was due to the acquisition of equipment and renovation projects.

Compared with prior fiscal year, total operating and non-operating revenues in 2010 decreased by \$1,814,055 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$88,887 in 2009 to \$84,750 in 2010 primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.
- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs decreased from \$4,878,510 in 2009 to \$3,033,741 in 2010 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects increased from \$25,000 in 2009 to \$51,963 in 2010 as a result of funding availability from HUD.
- Non-operating revenues other than subsidies and grants increased from \$26,004 in 2009 to \$33,892 in 2010 as a result of varying interest rates.

Compared to the prior fiscal year, total operating expenses increased from \$3,556,253 in 2009 to \$4,302,494 for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED**

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords (from \$2,816,078 during 2009 to \$3,349,520 in 2010).
- Inflationary impact on operating expenses (specifically employee compensation and related benefits (particularly the adoption of a retirement plan in 2010), utilities, supplies and materials) during the years ended March 31, 2010 and 2009.

Overall, net assets increased by 12% from 2008 to 2009.

The combination of reasons for the change in net assets for 2009 follows:

That change is reflected in the increase in cash of about 11%. Also, capital assets additions of \$56,930 was due to the acquisition of equipment and modernization projects.

Compared with prior fiscal year, total operating and non-operating revenues in 2009 increased by \$1,214,098 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$109,328 in 2008 to \$88,887 in 2009 primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the impact of hurricane Katrina on August 29, 2005 resulting in the destruction of the Authority's Washington Heights rental units.
- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs increased from \$3,528,636 in 2008 to \$4,878,510 in 2009 due to new funding for the Disaster Housing Assistance Program started in late 2007.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED**

- Capital funds for modernization of projects decreased from \$72,746 in 2008 to \$25,000 in 2009 as a result of funding availability from HUD.
- Non-operating revenues other than subsidies and grants decreased from \$93,593 in 2008 to \$26,004 in 2009.

Compared to the prior fiscal year, total operating expenses increased from \$1,931,566 in 2008 to \$3,556,253 for the year ended March 31, 2009.

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords due to the Disaster Housing Assistance Program.
- Inflationary impact on operating expenses (specifically employee compensation and related benefits, utilities, supplies and materials) during the year ended March 31, 2009.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At March 31, 2010 and 2009, the Authority had \$5,456,232 and \$3,526,828 invested in a broad range of capital assets, including land, buildings and building improvements, furniture and equipment and construction in progress. This amount represents a net increase (including additions, deductions and depreciation) of \$1,929,404.

<b>Capital Assets, Net</b>		
<b>March 31</b>		
	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and buildings improvements	4,706,306	4,923,575
Furniture and equipment	210,718	228,743
Automobile	21,743	-0-
Construction in progress	<u>2,733,837</u>	<u>-0-</u>
	8,452,459	5,932,173
Less accumulated depreciation expense	<u>(2,996,227)</u>	<u>(2,405,345)</u>
Total	<u>\$ 5,456,232</u>	<u>\$ 3,526,828</u>

The net change in capital assets of 54.7% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

*Debt*

The Authority has no long-term debt at March 31, 2010 and 2009.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**The Authority** is primarily dependent upon HUD for the funding of its operations; therefore **the Authority** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year March 31, 2011 has been approval by HUD.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **the Authority's** finances and to show **the Authority's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**STATEMENT OF NET ASSETS- ENTERPRISE FUND**  
**MARCH 31, 2010**

**ASSETS**

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Current Assets:		
Cash and temporary cash		
investments (NOTE 5)	\$ 5,896,709	\$ -0-
Restricted cash (NOTE 6)	4,821	-0-
Amounts receivable, net (NOTE 2)	-0-	-0-
Prepaid item (NOTE 3)	13,289	-0-
Due from other funds, net	<u>688,676</u>	<u>9,844</u>
Total current assets	<u>6,603,495</u>	<u>9,844</u>
Non-current assets:		
Capital assets, net (NOTES 4 and 12)	<u>5,456,232</u>	<u>-0-</u>
Total non-current assets	<u>5,456,232</u>	<u>-0-</u>
Total assets	<u>12,059,727</u>	<u>-0-</u>

**LIABILITIES**

Current Liabilities:		
Amounts and other payables (NOTE 7)	219,912	-0-
Compensated absences payable (NOTE 13)	4,266	1,600
Deferred revenue (NOTE 19)	1,274,395	-0-
Security deposits held for tenants (NOTE 6)	<u>4,821</u>	<u>-0-</u>
Total current liabilities	<u>1,503,394</u>	<u>1,600</u>
Non-current liabilities:		
Total non-current liabilities	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>1,503,394</u>	<u>-0-</u>

**NET ASSETS**

Net Assets:		
Invested in capital assets, net of related debt	5,456,232	-0-
Restricted	-0-	8,244
Unrestricted	<u>5,100,101</u>	<u>-0-</u>
Total net assets	<u>\$10,556,333</u>	<u>\$8,244</u>

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

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Operating Revenues:		
Operating revenues	\$ <u>84,750</u>	\$ <u>-0-</u>
Total operating revenues	<u>84,750</u>	<u>-0-</u>
Operating Expenses:		
Salaries and employee benefits	339,210	28,795
Materials and other	8,463	-0-
Contractual services	222,269	13,116
Utilities	53,689	1,233
Depreciation	156,647	-0-
Insurance	59,534	-0-
Housing assistance payments	3,349,520	480,920
Convention and travel	21,835	1,662
Telephone	11,992	1,299
Bad debt expense	8,912	-0-
Portability fees	3,422	-0-
Donation	5,500	-0-
Supplies	27,171	3,077
Postage	4,679	444
Tenant services	395	-0-
Member dues and fees	3,388	438
General	<u>25,868</u>	<u>462</u>
Total operating expenses	<u>4,302,494</u>	<u>531,446</u>
Operating loss	<u>(4,217,744)</u>	<u>(531,446)</u>
Non-operating revenues:		
Grants and subsidies	3,085,704	362,690
Interest income	20,310	-0-
Other	<u>13,582</u>	<u>-0-</u>
Total non-operating revenues	<u>3,119,596</u>	<u>362,690</u>
Change in net assets	(1,098,148)	(168,756)
Net assets, beginning of year, as restated (NOTE 16)	<u>11,654,481</u>	<u>177,000</u>
Net assets, end of year	<u>\$10,556,333</u>	<u>\$ 8,244</u>

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

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>PRIMARY</u> <u>UNIT</u>	<u>COMPONENT</u> <u>UNIT</u>
Cash flows from Operating Activities		
Receipt from tenants	\$ 84,750	\$ -0-
Interest received	20,310	-0-
Receipt of advances	-0-	168,256
Payments to suppliers for goods and services	(1,031,555)	(21,231)
Payments to employees	(324,913)	(28,795)
Payments to landlords	<u>(3,349,520)</u>	<u>(480,920)</u>
Net cash used by operating activities	<u>(4,600,928)</u>	<u>(362,690)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets, net	<u>(2,061,071)</u>	<u>-0-</u>
Net cash used by capital and related financing activities	<u>(2,061,071)</u>	<u>-0-</u>
Cash Flows from Noncapital Financing Activities:		
Subsidy from federal government	<u>3,085,704</u>	<u>362,690</u>
Cash provided by noncapital financing activities	<u>3,085,704</u>	<u>362,690</u>
Net increase (decrease) in cash and temporary cash investments	(3,576,295)	-0-
Cash, and temporary cash investments, beginning of year	<u>9,477,825</u>	<u>-0-</u>
Cash and temporary cash investments, end of year	\$ <u>5,901,530</u>	\$ <u>-0-</u>

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

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Reconciliation of Operating Loss to Net Cash used by Operating activities:		
Operating loss	\$(4,217,744)	\$(531,446)
Adjustments to reconcile operating loss to cash used by Operating activities:		
Depreciation	156,647	-0-
Bad debt expense	8,912	-0-
Adjustments to beginning net assets	2,201,422	-0-
Changes in net assets and liabilities:		
Decrease in prepaid item	814	-0-
Decrease in amounts and other payables	(3,992,437)	-0-
Decrease (increase) in interprogram due from, net	(32,937)	168,256
Increase in deferred revenues	1,274,395	-0-
Increase (decrease) in compensated absences payable	<u>-0-</u>	<u>500</u>
Net cash used by operating activities	<u>\$(4,600,928)</u>	<u>\$(362,690)</u>

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

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**NOTE 1 - Organization and Summary of Significant Accounting Policies:**

**General**

**The Housing Authority of the City of Slidell (the Authority)** was created on March 11, 1967, and is governed by a five (5) member Board of Commissioners, all appointed by the Mayor of the City of Slidell, and headed by an Executive Director. The Board and Executive Director are responsible for all activities of **the Authority**. **The Authority** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and City of Slidell.

As of March 31, 2010, **the Authority** was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell and the Town of Pearl River, Louisiana.

Under the Low Rent Public Housing Program, **the Authority** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled the Section 8 and Voucher programs) **the Authority** provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance Housing Program provides transitional assistance for families impacted by the events of hurricane storm damages. Also, see NOTE 11.

**Financial Reporting Entity**

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

**The Authority** was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **the Authority** is a financial reporting entity within the meaning of the provisions of GASB 14.

Accordingly, **the Authority** is not a component unit of the City of Slidell's financial reporting entity.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, **the Authority's** financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of **the Authority** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **The Authority** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **The Authority's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), the **Authority** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **The Authority** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **the Authority** as deferred revenue upon award.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **the Authority** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:**

**Land, Structures and Equipment**

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

The Authority follows the practice of capitalizing all structures and equipment over \$500.

Structures and equipment are depreciated in the enterprise fund of the Authority using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	20
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At March 31, 2010, management has estimated and recorded the effect of adoption of GASB Statement No. 42, "Accounting for the Impairment of Capital Assets and for Insurance Recoveries".

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Compensated Absences

**The Authority** follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

**The Authority** prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

**The Authority** does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by **the Authority's** Board of Commissioners.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

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, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of March 31, 2010, consisted of the following:

	<u>Housing Choice Voucher Program</u>
Tenant accounts receivable	\$ 15,547
Less allowance for doubtful accounts	<u>(15,547)</u>
Total	\$ <u>-0-</u>

NOTE 3 - Prepaid Item:

Prepaid asset at March 31, 2010, consisted of prepaid insurance of \$13,289.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 4 - Land, Structures and Equipment:**

At March 31, 2010, land, structures and equipment consisted of the following:

<u>Description</u>	<u>Balance April 1, 2009</u>	<u>Addition</u>	<u>Other</u>	<u>Balance March 31, 2010</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ 779,855
Building and building improvements	4,923,575	311,662	(528,931)	4,706,306
Furniture and equipment	228,743	28,531	(46,556)	210,718
Automobile	-0-	-0-	21,743	21,743
Construction in progress	<u>-0-</u>	<u>2,733,837</u>	<u>-0-</u>	<u>2,733,837</u>
	5,932,173	3,074,030	(553,744)	8,452,459
Less accumulated depreciation	<u>(2,405,345)</u>	<u>(156,647)</u>	<u>(434,235)</u>	<u>(2,996,227)</u>
Total	<u>\$ 3,526,828</u>	<u>\$2,917,383</u>	<u>\$(987,979)</u>	<u>\$ 5,456,232</u>

**NOTE 5 - Cash and Temporary Cash Investment:**

At March 31, 2010, the carrying amount of the Authority's deposits was \$5,896,709 and the bank balance was \$5,904,209. Of this amount \$250,000 was covered by federal depository insurance and \$5,219,583 collateralized by a pledge of securities in the joint name of the Authority and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk; consequently, \$439,447 of the Authority's bank balances was exposed to custodial credit risk.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 5 - Cash and Temporary Cash Investment, Continued:**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended March 31, 2010 deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

At March 31, 2010, cash and temporary cash investment consisted of the following:

	Low Rent Public Housing <u>Program</u>	Interest Rate at <u>Maturity</u>	<u>Maturity</u>
Demand deposits	\$ 83,759	N/A	N/A
Sweep account	4,215,076	varying	Daily
Savings account	<u>1,597,874</u>	varying	Daily
Total	<u>\$ 5,896,709</u>		

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 6 - Restricted Cash:**

At March 31, 2010, restricted cash consisted of \$4,821 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

**NOTE 7 - Amounts and Other Payables:**

Amounts and other payables at March 31, 2010, consisted of the following:

	<u>PHA Owned Housing Program</u>	<u>Voucher Program</u>	<u>Total</u>
HUD	\$ -0-	\$62,105	\$ 62,105
Accounts payable-vendors	143,510	-0-	143,510
Salaries payable	7,399	-0-	7,399
Federal & State taxes payable	6,085	-0-	6,085
Other withholdings payable	<u>813</u>	<u>-0-</u>	<u>813</u>
Total	<u>\$157,807</u>	<u>\$62,105</u>	<u>\$219,912</u>

**NOTE 8 - Risk Management:**

**The Authority** is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **the Authority** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 9 - Concentration of Credit Risk:**

**The Authority** receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, **the Authority's** operating results could be adversely affected.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 10 - Contingencies:

The Authority is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to the Authority. These examinations may result in required refunds by the Authority to the agencies and/or program beneficiaries.

NOTE 11 - Management of Pearl River Housing Choice Voucher Program:

HUD approved the merger of the Pearl River Voucher program with the Authority effective November 30, 2010.

NOTE 12 - Commitments:

At March 31, 2010, the Authority has executed agreements with HUD totaling \$1,266,445 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2010 was \$1,122,700 (See Schedules IV and V).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2009 of \$4,266 represents unpaid accrued vacation earned by employees.

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2010, no board member received per diem in his or her capacity as a commissioner.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 15 - Hurricane Katrina:**

The renovation to its damaged housing stock continues at the Washington Heights location which is also off its rent roll. However, HUD continues to provide operating subsidy to **the Authority**.

**NOTE 16 - Restatement of Beginning Net Assets:**

Net assets at the beginning of the year has been restated to properly account for the impact of GASB 42. An impairment loss of \$603,666 was recognized to include a gain resulting from insurance proceeds of \$3,087,407.

**NOTE 17 - Credit Risk:**

At March 31, 2010, undercollateralization of deposits held by others of \$439,447 represents a credit risk. See finding reference number 2010-08 for additional discussion.

**NOTE 18 - Retirement Plan:**

On July 1, 2009, **the Authority** adopted a Housing Agency Retirement Trust (HART). The Plan qualifies under Internal Revenue code Section 401(a).

Eligibility is open to all regular full-time employees defined as individuals attaining the age of twenty-five (25) and completing twelve (12) months of continuous and interrupted employment. Contributions to the plan is at ten (10%) percent by **the Authority** and five (5%) percent by the employee using their base rate of pay.

For the year ended March 31, 2010, \$56,394 had been contributed by **the Authority**. See audit finding reference number 2010-10 for additional discussion.

**NOTE 19 Deferred Revenue:**

At March 31, 2010 deferred revenue represent funds advanced to **the Authority** for the Disaster Housing Assistance Program.



## **SUPPLEMENTARY INFORMATION**



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

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana

Our report on our audit of the March 31, 2010, financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from the final outcome of any investigation and resolution to questioned costs, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV and V) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary and subject to the final outcome of any potential investigation and resolution to questioned costs, Schedules II, III, IV and V are fairly stated in all material respects in the relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**ON**  
**SUPPLEMENTARY INFORMATION**  
**(CONTINUED)**

Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial. Except for the effects of adjustments, if any, as might have been determined to be necessary and subject to the final outcome of any potential investigation and resolution to questioned costs, Exhibits I and II are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

February 4, 2011

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND  
MARCH 31, 2010

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
<b>ASSETS</b>							
Cash	\$ 4,560,209	\$ -0-	\$ 4,560,209	\$ -0-	\$ 1,336,500	\$ 1,336,500	\$ 5,896,709
Restricted cash	4,821	-0-	4,821	-0-	-0-	-0-	4,821
Prepaid item	13,289	-0-	13,289	-0-	-0-	-0-	13,289
Due from other funds	3,212,479	-0-	3,212,479	4,105,769	-0-	4,105,769	7,318,248
Capital assets, net	5,456,232	-0-	5,456,232	-0-	-0-	-0-	5,456,232
Total assets	13,247,030	-0-	13,247,030	4,105,769	1,336,500	5,442,269	18,689,299
<b>LIABILITIES</b>							
Liabilities:							
Amounts and other payables	157,807	-0-	157,807	-0-	62,105	62,105	219,912
Compensated absences payable	2,469	-0-	2,469	1,797	-0-	1,797	4,266
Security deposits held for tenants	4,821	-0-	4,821	-0-	-0-	-0-	4,821
Deferred revenues	-0-	-0-	-0-	-0-	1,274,395	1,274,395	1,274,395
Due to other funds	2,422,783	-0-	2,422,783	4,206,789	-0-	4,206,789	6,629,572
Total liabilities	2,587,880	-0-	2,587,880	4,208,586	1,336,500	5,545,086	8,132,966
<b>Net Assets</b>							
Invested in capital assets, net	5,456,232	-0-	5,456,232	-0-	-0-	-0-	5,456,232
Unrestricted	5,202,918	-0-	5,202,918	(102,817)	-0-	(102,817)	5,100,101
Total net assets (deficit)	\$10,659,150	\$ -0-	\$10,659,150	\$ (102,817)	\$ -0-	\$ (102,817)	\$10,556,333

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2010**

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Operating Revenues:							
Dwelling rental	\$ 84,750	\$ -0-	\$ 84,750	\$ -0-	\$ -0-	\$ -0-	\$ 84,750
Total operating revenues	84,750	-0-	84,750	-0-	-0-	-0-	84,750
Operating Expenses:							
Salaries and employee benefits	310,641	-0-	310,641	28,569	-0-	28,569	339,210
Materials and other	8,463	-0-	8,463	-0-	-0-	-0-	8,463
Contractual services	208,509	-0-	208,509	13,760	-0-	13,760	222,269
Utilities	53,689	-0-	53,689	-0-	-0-	-0-	53,689
Depreciation	156,647	-0-	156,647	-0-	-0-	-0-	156,647
Insurance	59,534	-0-	59,534	-0-	-0-	-0-	59,534
Housing assistance payments	-0-	-0-	-0-	2,633,227	716,293	3,349,520	3,349,520
Convention and travel	21,835	-0-	21,835	-0-	-0-	-0-	21,835
Telephone	11,992	-0-	11,992	-0-	-0-	-0-	11,992
Bad debt expense	8,912	-0-	8,912	-0-	-0-	-0-	8,912
Portability fees	-0-	-0-	-0-	3,422	-0-	3,422	3,422
Donation	5,500	-0-	5,500	-0-	-0-	-0-	5,500
Supplies	27,171	-0-	27,171	-0-	-0-	-0-	27,171
Postage	4,679	-0-	4,679	-0-	-0-	-0-	4,679
Tenant services	395	-0-	395	-0-	-0-	-0-	395
Member dues and fees	3,388	-0-	3,388	-0-	-0-	-0-	3,388
General	25,868	-0-	25,868	-0-	-0-	-0-	25,868
Total operating expenses	907,223	-0-	907,223	2,678,978	716,293	3,395,271	4,302,494
Operating loss	(822,473)	-0-	(822,473)	(2,678,978)	(716,293)	(3,395,271)	(4,217,744)

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS--ENTERPRISE FUND, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2010**

	Operating Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Non-operating revenues:							
Grants and subsidies	\$ 471,867	\$ 51,963	\$ 523,830	\$ 1,845,581	\$ 716,293	\$ 2,561,874	\$ 3,085,704
Interest income	20,310	-0-	20,310	-0-	-0-	-0-	20,310
Other income	13,582	-0-	13,582	-0-	-0-	-0-	13,582
Total non-operating revenues	<u>505,759</u>	<u>51,963</u>	<u>557,722</u>	<u>1,845,581</u>	<u>716,293</u>	<u>2,561,874</u>	<u>3,119,596</u>
Other financing sources (uses):							
Operating transfer in	25,999	-0-	25,999	-0-	-0-	-0-	25,999
Operating transfer out	<u>-0-</u>	<u>(25,999)</u>	<u>(25,999)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(25,999)</u>
Total financing sources (uses)	<u>25,999</u>	<u>(25,999)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in net assets	(290,715)	25,964	(264,751)	(833,397)	-0-	(833,397)	(1,098,148)
Net assets, beginning of year, as restated	<u>10,949,865</u>	<u>(25,964)</u>	<u>10,923,901</u>	<u>730,580</u>	<u>-0-</u>	<u>730,580</u>	<u>11,654,481</u>
Net assets (deficit), end of year	<u>\$ 10,659,150</u>	<u>\$ -0-</u>	<u>\$ 10,659,150</u>	<u>\$ (102,817)</u>	<u>\$ -0-</u>	<u>\$ (102,817)</u>	<u>\$ 10,556,333</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2010

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
PHA Owned Housing Program	14.850a	\$ 471,867
Housing Choice Voucher Program	14.871	1,845,581
Capital Fund Program	14.872	51,963
Disaster Housing Assistance Program	97.036	<u>716,293</u>
Total		<u>\$3,085,704</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET**  
**MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$4,560,209	\$1,336,500	\$5,896,709
114	Cash - tenant security deposits	<u>4,821</u>	<u>-0-</u>	<u>4,821</u>
100	Total cash	<u>4,565,030</u>	<u>1,336,500</u>	<u>5,901,530</u>
142	Prepaid expenses and other assets	13,289	-0-	13,289
144	Interprogram due from	<u>3,212,479</u>	<u>4,105,769</u>	<u>7,318,248</u>
150	Total current assets	<u>7,790,798</u>	<u>5,442,269</u>	<u>13,233,067</u>

See Independent Auditors' Report on Supplementary Information.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
161	Land	\$ 779,855	\$ -0-	\$ 779,855
162	Buildings	4,706,306	-0-	4,706,306
163	Furniture, equipment and machinery-dwellings	2,288	-0-	2,288
164	Furniture, equipment and machinery-administration	230,173	-0-	230,173
166	Accumulated depreciation	(2,996,227)	-0-	(2,996,227)
167	Construction in progress	<u>2,733,837</u>	<u>-0-</u>	<u>2,733,837</u>
160	Total capital assets, net of accumulated depreciation	<u>5,456,232</u>	<u>-0-</u>	<u>5,456,232</u>
180	Total non-current assets	<u>5,456,232</u>	<u>-0-</u>	<u>5,456,232</u>
190	Total assets	<u>\$13,247,030</u>	<u>\$5,442,269</u>	<u>\$18,689,299</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤90 days	\$ 157,807	\$ 62,105	\$ 219,912
322	Accrued compensated absences-current portion	2,469	1,797	4,266
341	Tenant security deposits	4,821	-0-	4,821
342	Deferred revenues	-0-	1,274,395	1,274,395
347	Interprogram due to	<u>2,422,783</u>	<u>4,206,789</u>	<u>6,629,572</u>
310	Total current liabilities	<u>2,587,880</u>	<u>5,545,086</u>	<u>8,132,966</u>
350	Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
300	Total liabilities	<u>2,587,880</u>	<u>5,545,086</u>	<u>8,132,966</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED  
MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$ 5,456,232	\$ -0-	\$ 5,456,232
512.1	Unrestricted net assets	<u>5,202,918</u>	<u>(102,817)</u>	<u>5,100,101</u>
513	Total equity/net assets	<u>10,659,150</u>	<u>(102,817)</u>	<u>10,556,333</u>
600	Total liabilities and equity/net assets	<u>\$13,247,030</u>	<u>\$5,442,269</u>	<u>\$18,689,299</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
70300	Net tenant rental revenue	\$ 84,750	\$ -0-	\$ 84,750	\$ -0-	\$ -0-	\$ -0-
70500	Total tenant revenue	84,750	-0-	84,750	-0-	-0-	-0-
70600-010	Housing assistance payments	-0-	-0-	-0-	1,643,733	716,293	2,360,026
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	201,848	-0-	201,848
		-0-	-0-	-0-	1,845,581	716,293	2,561,874
70600	HUD PHA operating grants	471,867	25,999	497,866	-0-	-0-	-0-
70610	Capital grants	-0-	25,964	25,964	-0-	-0-	-0-
71100	Investment income - unrestricted	20,310	-0-	20,310	-0-	-0-	-0-
7150	Other revenue	13,582	-0-	13,582	-0-	-0-	-0-
70000	Total revenue	590,509	51,963	642,472	1,845,581	716,293	2,561,874

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
91100	Administrative salaries	\$191,694	\$ -0-	\$191,694	\$28,569	\$ -0-	\$28,569
91200	Auditing fees	40,650	-0-	40,650	1,800	-0-	1,800
91500	Employee benefit contributions- administrative	118,947	-0-	118,947	-0-	-0-	-0-
91600	Office expense	159,481	-0-	159,481	11,960	-0-	11,960
91700	Legal expense	17,041	-0-	17,041	-0-	-0-	-0-
91800	Travel	21,835	-0-	21,835	-0-	-0-	-0-
91000	Total operating - administrative	549,648	-0-	549,648	42,329	-0-	42,329
92400	Tenant services - other	395	-0-	395	-0-	-0-	-0-
92500	Total tenant services	395	-0-	395	-0-	-0-	-0-
93100	Water	25,678	-0-	25,678	-0-	-0-	-0-
93200	Electricity	24,967	-0-	24,967	-0-	-0-	-0-
93300	Gas	908	-0-	908	-0-	-0-	-0-
93800	Other utilities	2,136	-0-	2,136	-0-	-0-	-0-
93000	Total utilities	53,689	-0-	53,689	-0-	-0-	-0-

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
94200	Ordinary maintenance and operations - materials and other	\$ 8,463	\$ -0-	\$ 8,463	\$ -0-	\$ -0-	\$ -0-
94300-020	Ordinary maintenance and operations contracts-heating and cooling contracts	2,825	-0-	2,825	-0-	-0-	-0-
94300-050	Ordinary maintenance and operations contracts-landscape and grounds contracts	15,300	-0-	15,300	-0-	-0-	-0-
94300-060	Ordinary maintenance and operations contracts-unit turnaround contracts	5,975	-0-	5,975	-0-	-0-	-0-
94300-080	Ordinary maintenance and operations contracts-plumbing contracts	1,690	-0-	1,690	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations contracts-extermination contracts	3,598	-0-	3,598	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts-miscellaneous contracts	7,297	-0-	7,297	-0-	-0-	-0-
94000	Total maintenance	45,148	-0-	45,148	-0-	-0-	-0-

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
95200	Protective Services - other contract costs	\$ 433	\$ -0-	\$ 433	\$ -0-	\$ -0-	\$ -0-
95000	Total protective services	433	-0-	433	-0-	-0-	-0-
96110	Property insurance	48,428	-0-	48,428	-0-	-0-	-0-
96130	Workmen's compensation	7,704	-0-	7,704	-0-	-0-	-0-
96140	All other insurance	3,401	-0-	3,401	-0-	-0-	-0-
96100	Total insurance premiums	59,533	-0-	59,533	-0-	-0-	-0-
96200	Other general expenses	32,818	-0-	32,818	3,422	-0-	3,422
96400	Bad debt - tenant rents	8,912	-0-	8,912	-0-	-0-	-0-
96000	Total other general expenses	41,730	-0-	41,730	3,422	-0-	3,422
96900	Total operating expenses	750,576	-0-	750,576	45,751	-0-	45,751
97000	Excess (deficiency) of revenue over operating expenses	(160,067)	51,963	(108,104)	1,799,830	716,293	2,516,123

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2009**

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
97300-050	All other	\$ -0-	\$ -0-	\$ -0-	\$ 2,633,227	\$ 716,293	\$ 3,349,520
973000	Housing assistance payments	-0-	-0-	-0-	2,633,227	716,293	3,349,520
97400	Depreciation expense	156,647	-0-	156,647	-0-	-0-	-0-
90000	Total expenses	907,223	-0-	907,223	2,678,978	716,293	3,395,271
10010	Operating transfer in	25,999	-0-	25,999	-0-	-0-	-0-
10020	Operating transfer out	-0-	(25,999)	(25,999)	-0-	-0-	-0-
10100	Total other financing sources (uses)	25,999	(25,999)	-0-	-0-	-0-	-0-
10000	Excess (deficiency) of revenue over (under) expenses	\$ (290,715)	\$ 25,964	\$ (264,751)	\$ (833,397)	\$ -0-	\$ (833,397)
11030	Beginning equity/net assets	\$ 7,422,906	\$ 10,000	\$ 7,432,906	\$ 730,580	\$ 1,289,573	\$ 2,020,153
11040-010	Prior period adjustments, equity transfers, and correction of errors	3,526,959	(35,964)	\$ 3,490,995	-0-	(1,289,573)	(1,289,573)
	Beginning equity/net assets, as adjusted	\$10,949,865	\$ (25,964)	\$10,923,901	\$ 730,580	\$ -0-	\$ 730,580
11170	Administrative fee equity			\$ -0-	\$ -0-	\$ -0-	
1118	Housing assistance payments equity			\$ -0-	\$ N/A	\$ N/A	
11190	Unit months available	1,500	N/A	1,500	6,732	480	7,212
11210	Number of unit months leased	564	N/A	564	4,368	480	4,848
11270	Excess cash	\$ N/A	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
111620	Building purchases	\$3,083,678	\$ -0-	\$ 3,083,678	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment	\$ 28,531	\$ -0-	\$ 28,531	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.



SCHEDULE IV

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
STATEMENT OF CAPITAL FUND PROGRAM COST (INCOMPLETE)  
FROM INCEPTION THROUGH MARCH 31, 2010

	LA48P103-501-05	LA48P103-501-06	LA48P103-501-07	LA48P103-501-08	LA48P103-501-09	LA48P103-501-10	TOTAL
Funds approved	\$ 179,596	\$ 170,620	\$ 177,464	\$ 173,745	\$ 172,838	\$ 172,256	\$ 1,046,519
Funds expended	(55,000)	(45,000)	(26,461)	-0-	(17,284)	-0-	(143,745)
Excess (deficiency) of funds approved	\$ 124,596	\$ 125,620	\$ 151,003	\$ 173,745	\$ 155,554	\$ 172,256	\$ 902,774
Funds Advanced:							
Grant funding	\$ 55,000	\$ 45,000	\$ 26,461	\$ -0-	\$ 17,284	\$ -0-	\$ 143,745
Total funds advanced	55,000	45,000	26,461	-0-	17,284	-0-	143,745
Funds expended	(55,000)	(45,000)	(26,461)	-0-	(17,284)	-0-	(143,745)
Excess (deficiency) of funds advanced	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE V**

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
STATEMENT OF CAPITAL FUND STIMULUS GRANT (INCOMPLETE)  
FROM INCEPTION THROUGH MARCH 31, 2010**

---

	<u>LA-48P103-501-09</u>
Funds approved	\$219,926
Funds expended	<u>-0-</u>
Excess of funds approved	<u>\$219,926</u>
Funds Advanced:	
Grant funding	\$ <u>-0-</u>
Total funds advanced	-0-
Funds expended	<u>-0-</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.



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

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' 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 Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana

We have audited the financial statements of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2010, and have issued our report thereon dated February 4, 2011. Except for the Authority's inability to resolve issues related to interfund out of balance condition, the lack of completeness of capital and net assets, and the ultimate outcome and resolution of any potential investigation by HUD and/or other parties into some of the areas cited in our report to include the amount of questioned costs, 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

INDEPENDENT AUDITORS' 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  
(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the subsequent paragraph, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As previously discussed, we have described in the accompanying Summary Schedule of Findings and Questioned Costs items 2010-03, 2010-04, 2010-06, 2010-09 and 2010-10 as deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of **the Authority's** financial statements will not be prevented, or detected and corrected on a timely basis.

INDEPENDENT AUDITORS' 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  
(CONTINUED)

Further, as previously discussed, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined. We considered the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-01, 2010-02, and 2010-07 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated February 4, 2011.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-05 and 2010-08.

The Authority's responses to the findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's responses and, accordingly, we express no opinion on them.

INDEPENDENT AUDITORS' 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  
(CONTINUED)

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

February 4, 2011



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

Michael B. Bruno, CPA  
Aicida J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana

**Compliance**

We have audited the compliance of **Housing Authority of the City of Slidell (the Authority)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **the Authority's** major federal programs for the year ended March 31, 2010. **The Authority's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary 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 **the Authority's** management. Our responsibility is to express an opinion on **the Authority's** compliance based on our audit.

Except for **the Authority's** inability to resolve issues related to the interfund out of balance condition, the lack of completeness of capital and net assets, and the ultimate outcome and resolution of any potential investigation by HUD and/or other parties into some of the areas cited in our report to include the amount of questioned costs, we conducted our 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 of America; and OMB

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

**Compliance, Continued**

Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **the Authority's** compliance with those requirements.

Because of the nature of certain records as further described in findings 2010-30, 2010-31 2010-32 and 2010-34 for certain transactions executed in 2010, we were unable to obtain sufficient documentation supporting **the Authority's** compliance with the requirements of reporting, allowable costs and special tests and provisions.

Compliance with such requirements is necessary in our opinion, for **the Authority** to comply with the requirements applicable to its programs.

In our opinion, except for the effects of such non compliance, if any, as might have been determined had we been able to examine evidence regarding **the Authority's** compliance with reporting, allowable costs and special tests and provisions, **the Authority** complied in all material respects, with the compliance requirements previously referred to that could have a direct and material effect on its major federal programs for the year ended March 31, 2010. Also, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-11 through 2010-29, 2010-35 and 2010-36 .



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

**Internal Control Over Compliance**

Management of **the Authority** 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 our audit, we considered **the Authority's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control over compliance.

Our consideration of the internal control over compliance was for a limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in **the Authority's** internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in **the Authority's** internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

**Internal Control Over Compliance, Continued**

Also, as previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-32 and 2010-33 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by **the Authority** on a timely basis. As previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2010-30, 2010-31 and 2010-34 to be material weaknesses, as defined above.

**The Authority's** responses to the findings in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit **the Authority's** responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of **the Authority's** Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

February 4, 2011

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

***Federal Awards***

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section I - Summary of Auditors' Results, Continued**

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850a	PHA Owned Housing Program
Dollar threshold used to distinguish between type A and type B programs:	<b>\$300,000</b>
Auditee qualified as low-risk auditee?	<b>No</b>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs**

**Reference Number**

2010-01

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

Our review of the general ledger generated by the Authority's TENMAST software revealed the following significant conditions:

- o The March 31, 2010 general ledgers for the PHA Owned Housing and Voucher Programs did not reflect the impact of shared cost except for payroll.

Further, the allocated payroll cost included approximately \$19,000 of temporary labor cost prior to the effect of an audit adjustment.

Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of \$23,312, employee benefit cost of \$118,947, travel cost of \$21,835, office supplies of \$27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund.

- o The March 31, 2010 general ledger for the PHA Owned Housing Program reflected an out of balance condition in the amount of \$4,614.
- o A review of the general ledger detail revealed several misclassification and/or miscoding of financial transactions.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-01

**Condition, Continued**

- o Two (2) checks physically voided were not reflected on the general ledger as voided. A replacement check was not recorded on the general ledger.
- o The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of \$1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority's bank account upon drawdown were not properly recorded in the respective general ledger accounts.
- o General ledger accounts for prepaid insurance, receivables, security deposits and payables reflected balances contrary to the normal account balances. For instance prepaid insurance reflected a credit balance of approximately \$25,019 and an associated prepaid insurance account established as a liability account with a debit balance of \$102,384 before the effect of audit adjustments.
- o The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2010. See finding reference number 2010-19 for additional discussion.
- o At March 31, 2010, interfund activities reflected an out-of-balance condition of \$2,088,065 prior to the effect of audit adjustments totaling \$1,399,389.
- o Also, noted were unreconciled differences in the beginning (April 1, 2009) and ending (March 31, 2010) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

**Questioned Costs**

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-01

**Context**

Total amount of federal awards expended for the year ended March 31, 2010 was \$3,085,704.

**Effect or Potential Effect**

Non-compliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

**Cause**

Incomplete conversion of the general ledger system coupled with the lack of a system in place and committed resources to ensure the completeness of all financial statements prepared.

**Recommendation**

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include the allocation and recordation in the respective general ledger, shared and paid expenses for other programs.

**Management's Response and Planned Corrective Action**

The Authority's accounting software has the capability of allocating costs between programs. We are in the process of developing the Authority's allocation plan that will be implemented effective April 1, 2011. Additionally, the financial procedures currently being developed and/or revised will address these conditions.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-02

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

**Condition**

The results of our review of seventy-three (73) cash disbursement transactions revealed the following conditions:

- o Twenty-two (22) of seventy-three (73) transactions tested revealed instances where expenses were not charged to the correct general ledger account number.
- o Twenty-four (24) of the seventy-three (73) transactions tested were not supported with invoices. Five (5) of the twenty-four (24) transactions involved credit card purchases consisting of twenty-three (23) individual transactions totaling \$13,240. \$7,395 of the \$13,240 in credit card purchases not supported by invoices involved travel expenses. Three (3) of the purchases were described on the voucher section of the check as "gas to pick up computers" in Atlanta, Georgia on August 26, 2009 with a return date of August 30, 2009 (dates are based on transaction dates on the credit card statement). We were unable to identify any additional cost associated with this travel. According to **the Authority's** travel policy signed September 1, 1997, all amounts over thirty (30) dollars must be vouchered to receipts.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-02

**Condition, Continued**

- o Supporting documentation, in the form of invoices and cancelled checks for eleven (11) of the seventy-three (73) transactions selected for testing were not available for our review.
- o Three (3) of seventy-three (73) transactions tested were incorrectly expensed in the current period. One of the three (3) transactions involved credit card statements consisting of four (4) individual transactions totaling \$1,213.
- o Invoices of fifty-three (53) of the seventy-three (73) transactions tested were not canceled to avoid duplicate use.
- o Sixteen (16) of the seventy-three (73) transactions totaling \$12,726 tested were ineligible expenses. A detail of the expenses follows:

\$ 5,000	Donation to non profit organization
500	Payment to non profit organization's executive director
7,100	Auto allowance to former executive director
<u>126</u>	Flowers to former executive director's father and other third party

\$12,726

The contract executed with the former executive director allowed for a car allowance or a vehicle purchased by the Authority.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-02

**Condition, Continued**

On June 30, 2008, the Authority purchased a vehicle used exclusively by the former executive director. Further the insurance coverage on the vehicle listed the former executive director as the only authorized driver.

- o Fifty-nine (59) of the seventy-three (73) transactions tested exhibited no evidence in the verification of the mathematical accuracy of the invoices prior to payment.
- o Twenty-seven (27) of the seventy-three (73) transactions tested involved transactions incurred on behalf of and approved by the former executive director.

Most of the transactions involved payment of a car allowance, per diem, purchase of flowers, etc.

- o For four (4) of the seventy-three (73) transactions tested, the check request bore no written approval by the former executive director or a designated staff.
- o We noted two (2) package deliveries to and from the former executive director while in Kansas for which we are unable to determine the business purpose based on information provided to us.
- o The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-02

**Condition, Continued**

- o The Authority overpaid on its credit card statement balance due by \$2,443 for the statement period from March 11, 2009 through April 10, 2009.
- o In a disbursement made to a contractor for inspection services performed, we noted where the mileage charged was not in agreement with the terms of the executed contract calling for the use of the applicable government rate (fifty-five cents in 2009 and fifty cents in 2010).
- o Two (2) of the five (5) inspected units detailed on the log submitted were unassisted units. Based on discussion with management, we were unable to determine the basis for the inspection and associated cost.

**Questioned Costs**

\$25,178.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Control deficiencies in the Authority's internal control which provides for an environment that is conducive to the misappropriation of assets.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-02

**Cause**

Size of personnel assigned to the accounting function and **the Authority** as a whole. Also, the level of control exercised by the former executive director did not blend to the appropriate level of internal control without the benefit of detail Board oversight.

**Recommendation**

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness. Also, all services requested should be reviewed for completeness prior to payment.

Management and the Board should consider an in depth review of transactions executed to ensure propriety.

**Management's Response and Planned Corrective Action**

Management has discontinued the use of credit cards until a Board policy can be developed. Additionally, we are revising **the Authority's** travel policy. Both policies will incorporate safeguards against disallowed costs and ensure accurate classification of costs.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-03

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

**Condition**

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by an Administrative Assistant with oversight by a fee accountant.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system from providing complete and accurate information consistent with the financial reporting objectives and current needs of **the Authority**.

**The Authority** currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness and accuracy of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-03

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Control deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misappropriation of assets.

**Cause**

Size of personnel assigned to the accounting function and the Authority as a whole. Also, the untimely receipt of its prepared financial statements impacts management and the Board's review for completeness on a timely basis.

**Recommendation**

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

**Management's Response and Planned Corrective Action**

Management is currently reviewing all existing policies and procedures and expects to revise and develop new policies for Board action by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-04

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Statement of Auditing Standards requires management to possess the qualification and training to completely and accurately prepare its financial statements to include the related footnote disclosures in accordance with accounting principles generally accepted in the United States of America.

**Condition**

Currently, the Authority does not possess the required staffing qualification and training in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Challenges encountered in ensuring the completeness of internally generated financial statements, to include the provision of complete information to facilitate informed judgement.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-04

**Cause**

Deficiencies in the design controls over the Authority's financial reporting system.

**Recommendation**

Management should continue to explore and commit the required level of resources necessary to ensure its ability to provide complete financial information and design internal control policies and procedures to minimize, if not, eliminate the potential for misappropriation of assets.

**Management's Response and Planned Corrective Action**

Management is reviewing the responsibilities of all the Authority's personnel, and revising as necessary, the internal controls to ensure that the potential for misappropriation is eradicated; including proper set-up and training for the TENMAST system.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-05

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of Louisiana Revised Statute 24:513 audited financial statements are required to be submitted to the Legislative Auditor within six months of the close of the Authority's year end or approved extension timeline.

**Condition**

The March 31, 2010 audit report for the Authority was submitted within an approved extension request.

**Questioned Costs**

None.

**Context**

Total operating expenses for the year ended March 31, 2010 was \$4,302,494.

**Effect or Potential Effect**

Non-compliance with the requirements of the audit law for the State of Louisiana.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-05

**Cause**

Combination of the timely procurement of an auditor and the completeness and accuracy of the Authority 's financial records.

**Recommendation**

Management should continue to work towards a resolution of all factors currently impacting its ability to submit timely reports.

**Management's Response and Planned Corrective Action**

We have engaged an auditor in a timely manner for Pearl River.

The Executive Director in accordance with procurement policy will recommend an auditor for approval by March 31, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-06

**Federal Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

The Authority does not have a system in place to ensure the accurate and timely billing for all portability activities with other housing authorities. Further, payments from portability transactions are not segregated between housing assistance payments and fees to ensure accurate and complete financial statement reporting.

**Questioned Costs**

None.

**Context**

Total federal award for the Housing Choice Voucher Program was \$1,845,581 or (60)% of the total federal award for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-06

**Effect or Potential Effect**

Incomplete financial statement information to include the potential for unrecorded fees earned and overstatement in cost incurred.

**Cause**

Lack of an established billing procedure for portability activities.

**Recommendation**

Management should develop and implement procedures to ensure the timely and complete billing for all portability activities.

**Management's Response and Planned Corrective Action**

Management concurs with this recommendation and will incorporate all portability activities into the financial procedures to be developed by March 31, 2011. The Section 8 manager will work with accounting to generate an invoice. Written procedures will be put in place to ensure proper billing of all portabilities.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-07

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

**Condition**

Our request for payroll documents for **the Authority's** personnel revealed the following conditions:

- o We noted through a review of **the Authority's** payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board.
- o The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by **the Authority**.
- o No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-07

**Condition, Continued**

- o We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used.

For the remaining two (2), the Authority could not locate the approved leave use request.

Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. Noted no subsequent correction of the error.

- o A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately \$1,416 for the 2010 fiscal year.

**Questioned Costs**

\$1,416

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-07

**Effect or Potential Effect**

Noncompliance with Board policies.

**Cause**

Lack of an effective personnel administration process in place.

**Recommendation**

We recommend a review of the current personnel administration process to ensure the implementation of a system that will accurately capture and record transactions, provide for all required documents to include the necessary State Civil Service approvals.

Management should perform an in depth review of payroll transactions to ensure completeness.

**Management's Response and Planned Corrective Action**

The executive director will work with Civil Service to obtain documents to complete employee files to recreate civil service activity. Files are being established and maintained in a secure manner.

By June 30, 2011, we will try to update, access, and review all employee deductions for as far back as 2006.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-08

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to revised Statute 49:321, public funds in excess of \$250,000 Federal Deposit Insurance Corporation (FDIC) coverage amount must be collateralized by the financial institution in which the funds are deposited.

**Condition**

At March 31, 2010, the Authority has collected bank balance on deposit with its banker of \$5,904,209, of which \$439,447 was under collateralized in excess of the current \$250,000 FDIC limit and pledged amount.

**Questioned Costs**

None.

**Context**

Total federal award expended for the year ended March 31, 2010 was \$3,085,704.

**Effect of Potential Effect**

Under collateralized deposits represent a credit risk and noncompliance with the requirement to collateralize all public funds on deposit.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-08

**Cause**

Lack of an established procedure in place to ensure the adequate and continuous collateralization of funds.

**Recommendation**

We recommend that management ensures that all funds are adequately collateralized at all times.

**Management's Response and Planned Corrective Action**

Management is in the process of executing a depository agreement that will prevent under collateralized amounts in **the Authority's** collected bank balance and will be executed by February 20, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-09

**Federal Award Program**

PHA Owned Housing and Capital Fund Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

Our testing of capital assets at March 31, 2010 revealed the following conditions:

- o The construction cost associated with the main office of approximately \$312,000 was not correctly reflected in the general ledger under the asset category.
- o Supporting documentation for the construction cost incurred for the main office was not available. However, the Authority was able to secure copied documents from its legal counsel.
- o The GASB 42 calculation (depreciation expense, gain on insurance proceeds, etc) and recordation of the associated impairment loss was not complete.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-09

**Condition, Continued**

- o Construction in progress included \$26,693 of cost associated with the completed construction of the main office building.
- o Additionally, we noted an overpayment in the amount of \$6,600 to an architect on invoice payment number 10. A subsequent invoice payment number 12 was adjusted by the architect to reflect the benefit in the overpayment. Further, based on discussions with management and review of the architect's contract, we noted an error in the out of pocket cost line item. The contract should have read \$5,000 and not \$500,000. The total contract award was \$344,000.
- o The detail listing for furniture and fixtures provided to us for the March 31, 2010 fiscal year end, did not agree to the general ledger amount.

**Questioned Costs**

None.

**Context**

Total federal award for the PHA Owned and Capital programs was \$523,830 or (17)% of the total federal award for the year ended March 31, 2010.

**Effect or Potential Effect**

Completeness in prepared financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-09

**Cause**

Lack of oversight in the financial activities of the Authority.

**Recommendation**

Management should revise its current practice to ensure the level of oversight necessary for the completeness and accuracy of its financial statements.

In addition, the level of due diligence to include management's oversight exercised in the execution of all documents should be enhanced to ensure completeness and propriety of all executed documents.

**Management's Response and Planned Corrective Action**

We concur and a management review will be included in the procedures, which will ultimately be included in the financial handbook and approved by the Board by March 31, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2010-10

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

On June 25, 2009, the Authority's Board of Commissioners adopted a Retirement Plan for the Authority. The plan called for a prior service credit for the former executive director not to exceed eighty-four (84) months. We noted that a wire transfer of \$52,520 was executed by the former executive director to fund the plan. The wire transfer did not comply with the cash disbursement policy of the Authority. Further we noted that the amount did not accommodate funding for other employees who were eligible and had elected to participate.

At March 31, 2010, the obligation for the remaining employees was not recorded in the accompanying financial statements.

Also, based on our limited review, it appears that the retirement plan was over funded to the benefit of the former executive director as a result of the use of an incorrect wage base.

**Questioned Costs**

\$13,000.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-10

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Non-compliance with Board policy or directive.

**Cause**

Lack of an effective oversight over the activities of staff and management.

**Recommendation**

We recommend that all cash disbursement transactions should be executed in accordance with the Board's policy requiring a dual signature.

Further wire transfers should be subject to such approval to minimize the risk associated with control by one individual.

Management should review the referenced transaction for completeness.

**Management's Response and Planned Corrective Action**

This matter has been researched and will be resolved by March 31, 2011. The interim executive director will make a recommendation to the Board on how to proceed by March 31, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

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

**Reference Number**

2010-11

**Federal Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR 985 requires the submission of a completed Form HUD 52648 within sixty (60) days after fiscal year end.

**Condition**

The annual Section Eight Management Assessment Program (SEMAP) Certification report was not submitted within sixty (60) days of the Authority's year end.

**Questioned Costs**

None.

**Context**

Total expenditures of federal award for the year ended March 31, 2010 for the Housing Choice Voucher Program was \$1,845,581 or (60)% of the total federal award.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-11

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR 985.

**Cause**

Lack of an established system in place to ensure the timely completion and submission of all required reports.

**Recommendation**

We recommend the development and implementation of a global reporting matrix system to ensure the timely submission of all required reports.

**Management's Response and Planned Corrective Action**

We are currently on schedule and expect to stay that way in accordance with our schedule of reports and submissions. This schedule will be reviewed at bi-weekly meetings.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-12

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program.

**Condition**

In all twelve (12) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where, the Authority had secured criminal reports.

**Questioned Costs**

None.

**Context**

Total expenditures of federal award for the year ended March 31, 2010 for the PHA Owned Housing Program was \$471,867 or (15)% of total federal award.

**Effect or Potential Effect**

Non-compliance with the requirement of 24 CFR 960.205.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-12

**Cause**

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

**Recommendation**

Management should ensure that all files contain the required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

**Management's Response and Planned Corrective Action**

Management will institute a process of reviewing a 10% sampling of all files in addition to reviewing all current procedures for determining each tenant's eligibility.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL .**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-13

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

CFR 24 sections 960.206 and 960.208 require tenants to be selected from a waiting list prepared and maintained by **the Authority**.

**Condition**

For all twelve (12) tenant files reviewed, we were unable to verify the priority in selection from **the Authority's** waiting list. It is our understanding through discussion with management that the waiting list is maintained on "real-time".

**Context**

Total expenditures of federal award for the year ended March 31, 2010 for the PHA Owned Program was \$471,865 or (15)% of the total federal award.

**Questioned Costs**

None.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR 960.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-13

**Cause**

The TENMAST software maintains the waiting list on "real-time".

**Recommendation**

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 960.206 through 960.208 to ensure that all files contain complete information to support the order of selection from the waiting list.

**Management's Response and Planned Corrective Action**

We concur and will start this procedure March 1, 2011, to print a copy of the waiting list. It will be printed at the beginning of the fiscal year and for each tenant when an offer letter is sent.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-14

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR requires the implementation of community services program for tenants eligible to participate in such a program.

**Condition**

In two (2) instances of twelve (12) files reviewed, we noted the lack of written documented evidence of community services performed by eligible tenants.

**Questioned Costs**

None.

**Context**

Total expenditures of federal award for the year ended March 31, 2010 for the PHA Owned Housing Program was \$471,867 or (15)% of total federal award.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-14

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR.

**Cause**

Lack of an effective monitoring system in place to ensure compliance with the community services requirement by eligible tenants.

**Recommendation**

Management should review its existing procedures to ensure its effectiveness in ensuring compliance with the community services component of HUD regulation.

**Management's Response and Planned Corrective Action**

Effective February 1, 2011, we are monitoring those tenants who are required to participate in community service programs. Letters have been sent to tenants who have community service requirements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-15

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR section 960.259(c)(1) the Authority must obtain and document in the tenant's file, third party verification of the family's reported annual income.

**Condition**

In eleven (11) instances of twelve (12) files reviewed, we noted no documented evidence of an independent verification of the tenants income. Seven (7) of the files cited had "EIV's" on file dated for January 2011.

**Questioned Costs**

None.

**Context**

Total federal award for the PHA Owned Housing Program was \$471,867 or (15)% of the total federal award for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-15

**Effect or Potential Effect**

Potential miscalculation in tenant rent.

**Cause**

Lack of an adequate system in place to monitor compliance with Board policy and HUD regulation.

**Recommendation**

We recommend the establishment of an effective monitoring system that ensures completeness of all tenant files. Further management should revise its procedures to comply with the requirements of HUD Notice PIH 2010-3 (HA).

**Management's Response and Planned Corrective Action**

Effective February 1, 2011, the EIV will be obtained in a timely manner and the files will be subject to a 10% sampling review by the interim executive director.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-16

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR, the Authority is required to submit in electronic format Form HUD 50058 (Family Report) each time it completes an admission, annual or interim re-examination, portability move-in or other change of a unit for a family.

**Condition**

In one (1) of the twelve (12) files tested, we noted an instance where the social security number inputted for the tenant and filed Form HUD 50058 was incorrect.

**Questioned Costs**

None.

**Context**

Total federal award expended for the PHA Owned Housing Program was \$471,867 or (15)% of the total federal award for the year ended March 31, 2010.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-16

**Cause**

Lack of an effective monitoring system in place to ensure the completeness of all tenant files.

**Recommendation**

Management should revisit with its oversight process to ensure its adequacy in identifying and correcting all errors in the certification and/or re-certification process.

**Management's Response and Planned Corrective Action**

Management will review current policies/processes in place for ensuring completeness as well as a review by the interim executive director for correctness.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-17

**Federal Award Program**

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR section 960.259, the Authority must obtain and document in files expenses related to deductions for annual income. An annual utility allowance review should be undertaken to ensure the use of the most recent utility allowance.

**Condition**

In all twelve (12) files tested, the utility allowance used in the calculation of tenant rent was not current (within twelve months). Board minutes reflect an approved utility survey in May 2010. Further, in one instance, the allowance amount used was different from the others without a basis for such use.

**Questioned Costs**

None.

**Context**

Total federal award for the PHA Owned Housing Program was \$471,867 of (15)% of the total federal award for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-17

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR 960.259 and Board policy to include the potential for miscalculated rent amount.

**Cause**

Ineffective communication and system in place to ensure the completeness of data used in the calculation of tenant rent amounts.

**Recommendation**

We recommend compliance with the requirements of 24 CFR, regarding the use of current data in the calculation of tenant rent.

**Management's Response and Planned Corrective Action**

Effective immediately, this has been corrected and all tenants have been reviewed for errors. We will review and update the utility allowances on an annual basis, starting with the annual review on April 2011. This utility allowance will have Board approval.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-18

**Federal Award Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR section 982.516 provides guidance in the determination of tenant's eligibility to participate in the housing program.

**Condition**

In one (1) of twelve (12) files tested, we noted where the documented verification of the family's income was not used in the calculation of tenant's rent amount. The income used in the determination of the tenant's rent amount was the net pay from selected checkstubs.

**Questioned Costs**

None.

**Context**

Total expenditures of federal award for the year ended March 31, 2010 for the Housing Choice Voucher Program was \$1,845,581 or (60)% of total federal award.

**Effect or Potential Effect**

Non-compliance with requirements of 24 CFR 982.516.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-18

**Cause**

Lack of an understanding of the requirements for tenant rent calculation in the determination of rent.

**Recommendation**

Management should provide the necessary training and supervisory oversight to ensure the completeness of tenant file documents.

**Management's Response and Planned Corrective Action**

Management is putting steps in place to ensure that there is a review of all tenant files to ensure proper calculations and verification of correct paperwork.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-19

**Federal Award Program**

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Various directives from HUD require that all activities related to the Disaster Housing Assistance Program (DHAP) must be accounted for, completed and recorded separately from the other programs managed by the housing authority.

**Condition**

Based on review of the program and records available we noted the following:

- o The DHAP financial transactions (housing assistance payments and HUD operating grants) for the year ended March 31, 2010, were included in the records of the PHA Owned Housing Program as a net amount.
- o **The Authority** provided us with an "ACH" disbursement report in lieu of a HAP register. The report did not include all pertinent information required in a housing assistance payment register.
- o The records for DHAP are not maintained in a complete and accurate manner to facilitate a speedy and effective audit.

**Questioned Costs**

Unable to determine.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-19

**Context**

Total expenses for the DHAP program for the year ended March 31, 2010 was \$716,293 or (23)% of the total federal award.

**Effect or Potential Effect**

Non-compliance with various aspects of the DHAP program requirements.

**Cause**

No formalized procedures to ensure compliance with the requirements of the program.

**Recommendation**

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

**Management's Response and Planned Corrective Action**

Management concurs with this recommendation and is reviewing, and revising procedures to ensure that the requirements of all programs are met.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-20

**Federal Award Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

The Authority is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

**Condition**

In one (1) instance of twelve (12) files reviewed, the date of birth reflected on the tenants birth certificate did not agree with the date submitted via the Form HUD 50058.

**Questioned Costs**

None.

**Context**

Total federal award expended for the Housing Choice Voucher Program was \$1,845,581 or (60)% of the total federal award for the year ended March 31, 2010.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-20

**Cause**

Lack of an effective monitoring system in place to ensure the completeness of all submitted data.

**Recommendation**

We recommend that a monitoring system that includes supervisory oversight for submitted reports be used to ensure the completeness in tenant data.

**Management's Response and Planned Corrective Action**

Management is putting a policy in place to allow for review of files.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-21

**Federal Award Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

CFR 24 sections 982.202 through 982.207 require tenants to be selected from a waiting list prepared and maintained by **the Authority**.

**Condition**

During the year ended March 31, 2010, all move-ins into **the Authority's** Voucher Program were through DHAP participants. Based on our review of the waiting list provided to us by **the Authority**, we noted that the listing was not up to date. Further, no recent analysis of the waiting list had been prepared.

The level of Housing Choice Voucher Program move-ins during the 2010 fiscal year has and continues to impact the lease-up level of the Voucher Program.

**Questioned Costs**

None.

**Context**

Total expenditures of federal awards for the year ended March 31, 2010 for the Voucher Program was \$1,845,581 or (60)% of total federal award.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-21

**Effect and Potential Effect**

Non-compliance with the requirements of 24 CFR 982.

**Cause**

Previous listing was destroyed during Hurricane Katrina.

**Recommendation**

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207. Further, management should re-evaluate its outreach program in order to help maintain its required lease-up level.

**Management's Response and Planned Corrective Action**

The waiting list, effective immediately is being printed out and reviewed, with those individuals being contacted.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-22

**Federal Award Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507, **the Authority** must determine that the rent paid to owners is reasonable at the time of (initial and during term of HAP contract) leasing.

**Condition**

In one (1) of the fifteen (15) files reviewed, we noted that the rent reasonableness certification was not correctly performed using an unassisted unit.

**Questioned Costs**

None.

**Context**

Total federal award for the Housing Choice Voucher Program was \$1,845,581 or (60)% of the total federal award for the year ended March 31, 2010.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR and Board policy.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-22

**Cause**

Lack of an effective monitoring system to ensure compliance with regulations and/or Board policy.

**Recommendation**

We recommend compliance with the requirements of 24 CFR regarding rent reasonableness certification. Periodic supervisory sampling should be performed as dictated in the SEMAP certification.

**Management's Response and Planned Corrective Action**

The interim executive director is implementing a review process to ensure completeness. This will occur on a regular basis.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-23

**Federal Award Program**

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

PHA's are required to submit HAP and leasing information using Form HUD 52681-B and the "VMS".

**Condition**

For our selected test month of December 2009, we noted that the "VMS" reporting preparation process was performed on a manual basis. Currently, that process provides opportunities for errors as the level of detail undertaken by the Authority in isolating and identifying current versus prior month adjustments to reconcile to the HAP register, regular versus DHAP etc., is very labor intense.

We were unable to verify the completeness of the information provided for the December 2009 submission.

**Questioned Costs**

None.

**Context**

Total federal award for Housing Choice Voucher Program was \$1,845,581 or (60)% of the total federal award for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**  
2010-23

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR.

**Cause**

Lack of a complete computerized system to ensure the completeness in the "VMS" reporting.

**Recommendation**

We recommend that management explore and consult with its software provider on resources available to generate the required data efficiently.

**Management's Response and Planned Corrective Action**

We concur and are conversing with TENMAST to review its capabilities to generate data and efficiently complete the necessary reporting.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-24

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR and the Authority's procurement policy require the documentation of the basis and type of procurement method used within established dollar thresholds.

**Condition**

For thirteen (13) of seventy-three (73) transactions tested, we noted no documentation to support the basis and type of procurement method used. Also, we noted credit card purchases totaling \$54,568 which appear to circumvent the procurement policy of the Authority.

**Questioned Costs**

\$143,523.

**Context**

Total federal award expended for the year ended March 31, 2010 was \$3,085,704.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR and Board policy.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-24

**Cause**

Lack of an effective monitoring system to ensure compliance with regulations and/or Board policy.

**Recommendation**

We recommend that management maintain on file the type and basis for procurement to include all cost analysis and evaluation.

Further, management should formalize a credit card use policy.

**Management's Response and Planned Corrective Action**

Management has discontinued the use of credit cards until such time that a credit card policy and specific procedures are in place to follow the procurement policy. Additionally, we are currently revising the Authority's procurement policy in order to obtain Board approval by April 1, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-25

**Federal Award Program**

PHA Owned Housing and Capital Fund Program (see Schedule of Expenditures of Federal Awards).

**Criteria**

OMB Circular A-133 compliance requirement dictates that all recipients of federal funds comply with the Davis Bacon Act for construction cost over \$2,000.

**Condition**

Our review of construction contracts for the Washington Height and Country Garden locations for **the Authority**, revealed the absence of documented evidence for labor and mechanical workers. Total cumulative construction cost through March 31, 2010, was \$2,733,837.

**Questioned Costs**

\$2,733,837.

**Context**

Total cumulative construction cost incurred through March 31, 2010 was \$2,733,837.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-25

**Effect or Potential Effect**

Non-compliance with the requirements of the Davis Bacon Act regarding prevailing wages.

**Cause**

Lack of an effective monitoring system in place to ensure compliance with applicable regulations.

**Recommendation**

We recommend that management ensures compliance with the requirements of the Davis Bacon Act in all future contracts.

**Management's Response and Planned Corrective Action**

Management concurs and effective immediately, all contractual documents over \$2,000 will incorporate the Davis Bacon compliance language.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-26

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR, the Authority is required to maintain a depository agreement (Form HUD 51999) for its depository accounts.

**Condition**

Noted no executed depository agreement on file for all bank accounts maintained by the Authority.

**Questioned Costs**

None.

**Context**

Total federal award expended for the year ended March 31, 2010 was \$3,085,704.

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR and potential loss of funds for under collateralized funds.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-26

**Cause**

Lack of a system in place to ensure compliance with the depository requirements dictated by HUD.

**Recommendation**

We recommend that management execute a depository agreement with its banker.

**Management's Response and Planned Corrective Action**

Management is currently working with its banker to address the referenced condition.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-27

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

In July 2009, the former executive director executed a check for \$13,000 payable to himself. We were unable to review any documents to support the disbursement.

The inscription on the check voucher section read disbursement for retro pay. Further, we noted that the payment was made through the accounts payable process and not payroll. As such, the disbursement was without the benefit and associated FICA taxes. We also noted that a 1099 was issued instead of inclusion in the Internal Revenue service form W-2 issued.

**Questioned Costs**

\$13,000.

**Context**

Total federal award for the year ended March 31, 2010 was \$3,085,704.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-27

**Effect or Potential Effect**

Violation of Board policy relative to authorized disbursements.

**Cause**

Unable to determine cause for disbursement made.

**Recommendation**

We recommend that the new management review the reference disbursement in terms of its validity.

**Management's Response and Planned Corrective Action**

The interim executive director has initiated a review of the referenced disbursement.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-28

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to HUD Handbook No. 7460.8 Rev.2 and 24 CFR, contracts for professional, management, fee accountants, legal or other professional services with any person or firm if the total period or term of the contract, including renewal option provisions, exceeds two (2) years require the submission of the necessary paperwork for HUD's approval.

**Condition**

In July 2009, the Authority approved a five (5) year contract with the former executive director without the benefit of HUD's approval.

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-28

**Effect or Potential Effect**

Non-compliance with the requirements of 24 CFR and HUD Handbook No. 7460.8 Rev.2.

**Cause**

The former executive director's failure to ensure compliance prior to presentation to Board for approval.

**Recommendation**

We recommend that the new management discuss the reference violation with HUD.

**Management's Response and Planned Corrective Action**

The new management is currently reviewing the referenced condition with an anticipated recommendation for Board action.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-29

**Federal Award Program**

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Award).

**Criteria**

Various directives from HUD regarding program management.

**Condition**

Based on review of five (5) tenant files, we noted the following:

- o We were unable to identify tenant approval from the DIS System for all five (5) files.
- o We were unable to verify if completed tenant information had been inputted into the DIS System for all five (5) selected tenants.
- o In all instances, we were unable to verify compliance with rent paid amount in terms of reasonableness and alignment with fair rent. Also, noted no inspections performed.

The overall condition of the DAHP records does not facilitate an effective and efficient audit.

**Questioned Costs**

\$62,105.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-29

**Context**

Total federal award expended for the DHAP program was \$716,293 for the year ended March 31, 2010.

**Effect or Potential Effect**

Non-compliance with the requirements of the DHAP program.

**Cause**

Lack of knowledge of program requirements.

**Recommendation**

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

**Management's Response and Planned Corrective Action**

Management is currently reviewing the DHAP program with an aim towards resolution of the referenced condition.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-30

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

**Condition**

Our review of the general ledger generated by the Authority's TENMAST software revealed the following significant conditions:

- o The March 31, 2010 general ledgers for the PHA Owned Housing and Voucher Programs did not reflect the impact of shared cost except for payroll.

Further, the allocated payroll cost included approximately \$19,000 of temporary labor cost prior to the effect of an audit adjustment.

Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of \$23,312, employee benefit cost of \$118,947, travel cost of \$21,835, office supplies of \$27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund.

- o The March 31, 2010 general ledger for the PHA Owned Housing Program reflected an out of balance condition in the amount of \$4,614.
- o A review of the general ledger detail revealed several misclassification and/or miscoding of financial transactions.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-30

**Condition, Continued**

- o Two (2) checks physically voided were not reflected on the general ledger as voided. A replacement check was not recorded on the general ledger.
- o The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of \$1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority's bank account upon drawdown were not properly recorded in the respective general ledger accounts.
- o General ledger accounts for prepaid insurance, receivables, security deposits and payables reflected balances contrary to the normal account balances. For instance prepaid insurance reflected a credit balance of approximately \$25,019 and an associated prepaid insurance account established as a liability account with a debit balance of \$102,384 prior to the effect of audit adjustments.
- o The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2010. See finding reference number 2010-19 for additional discussion.
- o At March 31, 2010, interfund activities reflected an out-of-balance condition of \$2,088,065 prior to the effect of audit adjustments totaling \$1,399,389.
- o Also, noted were unreconciled differences in the beginning (April 1, 2009) and ending (March 31, 2010) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

**Questioned Costs**

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-30

**Context**

Total amount of federal awards expended for the year ended March 31, 2010 was \$3,085,704.

**Effect or Potential Effect**

Non-compliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

**Cause**

Incomplete conversion of the general ledger system coupled with the lack of a system in place and committed resources to ensure the completeness of all financial statements prepared.

**Recommendation**

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include the allocation and recordation in the respective general ledger, shared and paid expenses for other programs.

**Management's Response and Planned Corrective Action**

The Authority's accounting software has the capability of allocating costs between programs. We are in the process of developing the Authority's allocation plan that will be implemented effective April 1, 2011. Additionally, the financial procedures currently being developed and/or revised will address these conditions.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-31

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

**Condition**

The results of our review of seventy-three (73) cash disbursement transactions revealed the following conditions:

- o Twenty-two (22) of seventy-three (73) transactions tested revealed instances where expenses were not charged to the correct general ledger account number.
- o Twenty-four (24) of the seventy-three (73) transactions tested were not supported with invoices. Five (5) of the twenty-four (24) transactions involved credit card purchases consisting of twenty-three (23) individual transactions totaling \$13,240. \$7,395 of the \$13,240 in credit card purchases not supported by invoices involved travel expenses. Three (3) of the purchases were described on the voucher section of the check as "gas to pick up computers" in Atlanta, Georgia on August 26, 2009 with a return date of August 30, 2009 (dates are based on transaction dates on the credit card statement). We were unable to identify any additional cost associated with this travel. According to the Authority's travel policy signed September 1, 1997, all amounts over thirty (30) dollars must be vouchered to receipts.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-31

**Condition, Continued**

- o Supporting documentation, in the form of invoices and cancelled checks for eleven (11) of the seventy-three (73) transactions selected for testing were not available for our review.
- o Three (3) of seventy-three (73) transactions tested were incorrectly expensed in the current period. One of the three (3) transactions involved credit card statements consisting of four (4) individual transactions totaling \$1,213.
- o Invoices of fifty-three (53) of the seventy-three (73) transactions tested were not canceled to avoid duplicate use.
- o Sixteen (16) of the seventy-three (73) transactions totaling \$12,726 tested were ineligible expenses. A detail of the expenses follows:

\$ 5,000	Donation to non profit organization
500	Payment to non profit organization's executive director
7,100	Auto allowance to former executive director
<u>126</u>	Flowers to former executive director's father and other third party

\$12,726

The contract executed with the former executive director allowed for a car allowance or a vehicle purchased by the Authority.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-31

**Condition, Continued**

On June 30, 2008, the **Authority** purchased a vehicle used exclusively by the former executive director. Further the insurance coverage on the vehicle listed the former executive director as the only authorized driver.

- o Fifty-nine (59) of the seventy-three (73) transactions tested exhibited no evidence in the verification of the mathematical accuracy of the invoices prior to payment.
- o Twenty-seven (27) of the seventy-three (73) transactions tested involved transactions incurred on behalf of and approved by the former executive director.

Most of the transactions involved payment of a car allowance, per diem, purchase of flowers, etc.

- o For four (4) of the seventy-three (73) transactions tested, the check request bore no written approval by the former executive director or a designated staff.
- o We noted two (2) package deliveries to and from the former executive director while in Kansas for which we are unable to determine the business purpose based on information provided to us.
- o **The Authority** was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-31

**Condition, Continued**

- o **The Authority** overpaid on its credit card statement balance due by \$2,443 for the statement period from March 11, 2009 through April 10, 2009.
- o In a disbursement made to a contractor for inspection services performed, we noted where the mileage charged was not in agreement with the terms of the executed contract calling for the use of the applicable government rate (fifty-five cents in 2009 and fifty cents in 2010).
- o Two (2) of the five (5) inspected units detailed on the log submitted were unassisted units. Based on discussion with management, we were unable to determine the basis for the inspection and associated cost.

**Questioned Costs**

\$25,178.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Control deficiencies in **the Authority's** internal control which provides for an environment that is conducive to the misappropriation of assets.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-31

**Cause**

Size of personnel assigned to the accounting function and **the Authority** as a whole. Also, the level of control exercised by the former executive director did not blend to the appropriate level of internal control without the benefit of detail Board oversight.

**Recommendation**

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness. Also, all services requested should be reviewed for completeness prior to payment.

Management and the Board should consider an in-depth review of transactions executed to ensure propriety.

**Management's Response and Planned Corrective Action**

Management has discontinued the use of credit cards until a Board policy can be developed. Additionally, we are revising **the Authority's** travel policy. Both policies will incorporate safeguards against disallowed costs and ensure accurate classification of costs.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-32

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

**Condition**

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by an administrative assistant with oversight by a fee accountant.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system from providing complete and accurate information consistent with the financial reporting objectives and current needs of **the Authority**.

**The Authority** currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness and accuracy of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-32

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Control deficiencies in **the Authority's** internal control system which provides for an environment that is conducive to the misappropriation of assets.

**Cause**

Size of personnel assigned to the accounting function and **the Authority** as a whole. Also, the untimely receipt of its prepared financial statements impacts management and **the Board's** review for completeness on a timely basis.

**Recommendation**

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

**Management's Response and Planned Corrective Action**

Management is currently reviewing all existing policies and procedures and expects to revise and develop new policies for Board action by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-33

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Statement of Auditing Standards requires management to possess the qualification and training to completely and accurately prepare its financial statements to include the related footnote disclosures in accordance with accounting principles generally accepted in the United States of America.

**Condition**

Currently, the Authority does not possess the required staffing qualification and training in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**Effect or Potential Effect**

Challenges encountered in ensuring the completeness of internally generated financial statements, to include the provision of complete information to facilitate informed judgement.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-33

**Cause**

Deficiencies in the design controls over the Authority's financial reporting system.

**Recommendation**

Management should continue to explore and commit the required level of resources necessary to ensure its ability to provide complete financial information and design internal control policies and procedures to minimize, if not, eliminate the potential for misappropriation of assets.

**Management's Response and Planned Corrective Action**

Management is reviewing the responsibilities of all the Authority's personnel and revising as necessary, the internal controls to ensure that the potential for misappropriation is eradicated; including proper set-up and training for the TENMAST system.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-34

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

**Condition**

Our request for payroll documents for **the Authority's** personnel revealed the following conditions:

- o We noted through a review of **the Authority's** payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board.
- o The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by **the Authority**.
- o No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-34

**Condition, Continued**

- o We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used.

For the remaining two (2), the Authority could not locate the approved leave use request.

Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. Noted no subsequent correction of the error.

- o A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately \$1,416 for the 2010 fiscal year.

**Questioned Costs**

\$1,416

**Context**

To federal award expended was \$3,085,704 for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-34

**Effect or Potential Effect**

Noncompliance with Board policies.

**Cause**

Lack of an effective personnel administration process in place.

**Recommendation**

We recommend a review of the current personnel administration process to ensure the implementation of a system that will accurately capture and record transactions, provide for all required documents to include the necessary State Civil Service approvals.

Management should also review in detail payroll transactions to ensure completeness.

**Management's Response and Planned Corrective Action**

The executive director will work with Civil Service to obtain documents to complete employee files to recreate civil service activity. Files are being established and maintained in a secure manner.

By June 30, 2011 we will try to update, access, and review all employee deductions for as far back as 2006.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-35

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to revised Statute 49:321, public funds in excess of \$250,000 Federal Deposit Insurance Corporation (FDIC) coverage amount must be collateralized by the financial institution in which the funds are deposited.

**Condition**

At March 31, 2010, the Authority has collected bank balance on deposit with its banker of \$5,904,209, of which \$439,447 was under collateralized in excess of the current \$250,000 FDIC limit and pledged amount.

**Questioned Costs**

None.

**Context**

Total federal award expended for the year ended March 31, 2010 was \$3,085,704.

**Effect of Potential Effect**

Under collateralized deposits represent a credit risk and noncompliance with the requirement to collateralize all public funds on deposit.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-35

**Cause**

Lack of an established procedure in place to ensure the adequate and continuous collateralization of funds.

**Recommendation**

We recommend that management ensures that all funds are adequately collateralized at all times.

**Management's Response and Planned Corrective Action**

Management is in the process of executing a depository agreement that will prevent under collateralized amounts in the Authority's bank collected balance and will be executed by February 20, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2010-36

**Federal Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

**Condition**

For the year ended March 31, 2010, net operating loss was \$1,098,148. Approximately seventy-six (76%) percent of the loss is attributable to the Voucher Program.

Based on our review of the authorized budget of \$2,205,689, **the Authority** earned \$1,571,604 or seventy-six (76%) percent of the authorized budget amount in part due to the level of leased-up.

**Questioned Costs**

None.

**Context**

Total federal award expended was \$3,085,704 for the year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2010-36

**Effect or Potential Effect**

Financial impact to **the Authority** resulting from the remaining contractual obligation to landlords.

**Cause**

Lack of a system in place to review and assess on a periodic basis, the budgeted funding to housing assistance payments made coupled with an ineffective outreach strategy towards improving its leased-up level.

**Recommendation**

We recommend that management immediately review the current financial status of the Voucher Program. Further analysis of the housing assistance payments should be performed to align with the level of authorized funding.

**Management's Response and Planned Corrective Action**

Management is currently reviewing the Voucher Program's viability.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs**

**Reference Numbers**

2009-02, 2009-14, 2008-01 and 2007-02

**Condition**

Considering the size of the Authority, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets. Currently, internal financial transactions processing of the Authority is performed primarily by an administrative assistant with some oversight by a fee accountant.

The Authority currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

**Recommendation**

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

**Current Status**

Unresolved. See current year's audit finding reference numbers 2010-03 and 2010-32.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2009-03 and 2007-01

**Condition**

Currently, **the Authority** does not possess the required technical capacity in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

**Recommendation**

Management should continue to explore funding options to assist in the enhancement of its technical capacity.

**Current Status**

Unresolved. See current year's audit finding reference numbers 2010-04 and 2010-33.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-04, 2008-04, 2007-14 and 2006-03

**Condition**

The March 31, 2009 audit report for the Authority was submitted outside of the expiration of an approved extension request.

**Recommendation**

Management should continue to work towards all factors that impact its ability to submit timely reports.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-05.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-05, 2008-05, 2007-03, 2007-04, 2007-05, 2007-08, 2007-09,  
2006-01, 2006-02, 2005-04, 2006-06 and 2005-02

**Condition**

Our review of the general ledger generated by the Authority's TENMAST software revealed the following significant conditions:

- o The March 31, 2009 general ledgers for the PHA-owned Housing and Voucher Programs reflected the effect of prior year's income and expense activities in the year to date (cumulative) balances. Because the temporary accounts have not yet been closed to the permanent accounts, current years transactions had to be isolated in order to generate the income and expense activities for the year ended March 31, 2009.
- o Also, the general ledgers for the PHA-owned Housing and Voucher Programs lacked any recorded revenue activity except for dwelling rental. Operating and capital grants while deposited into the Authority's bank account upon drawdown are not recorded in the respective general ledgers. Also, interest income earned on investments was not correctly recorded at March 31, 2009. As a result, the general ledger does not reflect the effect of revenues earned and/or received.
- o Several significant general ledger accounts such as cash, prepaid insurance, receivables, payables and interest income reflected activity levels contrary to the operating level of the Authority. For instance the PHA-owned Housing Program reflected a cash balances approximately \$12,700,000 at March 31, 2009. Prepaid insurance reflected a credit balance of approximately \$225,000 with interest income at March 31, 2008 reflected at a balance of approximately \$-0-.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2009-05, 2008-05, 2007-03, 2007-04, 2007-05, 2007-08, 2007-09,  
2006-01, 2006-02, 2005-04, 2006-06 and 2005-02

**Condition, Continued**

- o The Voucher Program did not reflect the effect of expenses such as payroll, related benefits and other major operating expenses. Currently, all expenses are paid through the operating account for the PHA-owned Housing Program with no allocation made for the shared and other program expenses paid in the records of the beneficiary programs.
- o The Authority did not maintain a general ledger for the DHAP program during the year ended March 31, 2009. An excel spreadsheet was prepared by staff of the Authority in connection with audit. Also, considering the nature of the records, we were unable to completely determine the earned and/or unearned operating grants for the year ended March 31, 2009
- o We noted that a bank account at March 31, 2009 in the amount of \$5,222,019 was not recorded on the general ledger for the PHA-owned Housing Program.
- o The capital assets and related accumulated depreciation at March 31, 2009 reflected the effect of unadjusted asset impairment. See finding reference number 2009-01.
- o The PHA-owned Housing Program general ledger at March 31, 2009 reflected an account titled "Unknown Deposits" with a recorded amount totaling \$32,933,522.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2009-05, 2008-05, 2007-03, 2007-04, 2007-05, 2007-08, 2007-09,  
2006-01, 2006-02, 2005-04, 2006-06 and 2005-02

**Condition, Continued**

- o The Voucher Program general ledger cash balance at March 31, 2009 reflected a negative balance of \$3,566,070.87.
- o At March 31, 2009, interfund activities reflected a out-of-balance condition.
- o Also noted were unreconciled differences in the beginning and ending net assets amounts.

**Recommendation**

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include the allocation and recordation in the respective general ledger shared and paid expenses for other programs.

**Current Status**

Partially resolved. See current year's audit finding reference numbers 2010-01 and 2010-30.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2009-06

**Condition**

In four (4) tenants files reviewed, we noted no written evidence on file to support verification of any prior lease violations.

**Recommendation**

Management should ensure that all files contain all required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-12.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2009-07

**Condition**

For four (4) tenants files reviewed, we were unable to verify their priority (using the date of application) selection from a prepared waiting list. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005.

**Recommendation**

Management should re-construct and maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207 to ensure that all files contain complete information to support selection from the waiting list.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-13.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-08 and 2008-08

**Condition**

In one (1) of the four (4) files reviewed, we noted no complete documented re-certification as required by regulation.

**Recommendation**

We recommend compliance with the requirements of 24 CFR, regarding tenant re-certification. Management should consider the use of resources available under its TENMAST software to generate and review compliance with re-certification.

**Current Status**

Partially resolved.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-09, 2008-06 and 2008-07

**Condition**

In ten (10) of eleven (11) tenant files, we noted no written documented evidence to support verification of any prior lease violations. In one instance the only document on file was a HUD Form 50058.

**Recommendation**

Management should ensure that all files contain all required information to support the complete determination of each tenant's eligibility to participate in the housing program.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-12.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2009-10

**Condition**

In one (1) instance of eleven (11) files reviewed, information pertaining to a tenant was omitted on the submitted Form HUD 50058. Noted no corrected Form HUD 50058 in the tenants file to support the submission of a corrected Form HUD 50058.

**Recommendation**

We recommend that a checklist system be used to ensure the completeness in tenant data to include the review of all reports submitted for accuracy at the supervisory level.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-20.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-11, 2008-09, 2004-02 and 2008-10

**Condition**

In ten (10) of eleven (11) tenants files reviewed, we were unable to verify their priority (using the date of application) selection from a prepared waiting list. In one instance, the tenants file contained only a HUD Form 50058. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005.

**Recommendation**

Management should re-construct and maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-21.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2009-12 and 2008-11

**Condition**

Based on review of five (5) tenant files, we were unable to identify tenant approval in four (4) instances from the DIS System. Through inquiry with the DHAP coordinator, we noted that tenants for DHAP assistance were verified by the Executive Director who provided staff with verbal approval for their admittance into the program.

We were unable to verify if completed tenant information had been inputted into the DIS System for all five (5) selected tenants.

Noted in two (2) of five (5) instances where the tenant files contained no signed certification of family obligations.

Three (3) instances of five (5) files where the tenants did not sign a HUD Form 9886.

Five (5) of five (5) instances reviewed where the tenant files lacked a signed individual development plan.

Two (2) of five (5) instances where the tenant files contained no documented evidence of case management services.

Five (5) of five (5) instances where the tenant files lacked documented evidence of individual needs assessment.

Five (5) of five (5) instances where the tenant files lacked documented evidence of quarterly reassessment and a documented home visit.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2009-12, 2008-11

**Recommendation**

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-29.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2007-11

**Condition**

We randomly selected thirty (30) files out of two hundred fifty-nine (259) files referenced in the tenant assistance report generated by the "TENMAST" system. **The Authority** could not provide any of those randomly selected files for the tenants. Subsequently, **the Authority** provided a total of only fifteen (15) files which were incomplete.

**Recommendation**

Management must maintain current and complete files on all program participants.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2007-12

**Condition**

We noted payments of \$466,528.79 from HAP Check payment report, however, there were a total of \$619,059.00 in deposits from HAP payment assistance according to bank statements. A significant difference of \$152,530.21 existed indicating that HAP payments are not being properly maintained or reconciled.

**Recommendation**

Management should hire staff with training related to properly recording and maintaining subledger accounts.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2007-13

**\*Condition**

Certain monthly bills were being paid through on-line deductions from the Authority's bank accounts. The payments appear to be for utilities and telephone expenditures.

**Recommendation**

It is recommended that procedures be developed relative to any on-line payments that would document proper approval of the payment of those expenditures.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-10.

\* Repeated.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Numbers**

2007-15

**Condition**

Certain invoices and/or supporting documentation for sampled expenditures were unavailable for review during the audit. Most expenditures were made from a credit card.

**Recommendation**

It is recommended that all invoices and other supporting documentation be maintained on file and made available during audit. It is also recommended that credit cards of **the Authority** are not opened in the name of board members nor utilized by board members.

**Current Status**

Unresolved. See current year's audit finding reference numbers 2010-02 and 2010-31.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Numbers**

2007-16 and 2007-20

**Condition**

Property gutting, roof repairs and other major renovations following Hurricane Katrina were performed without requests for bids and/or responses to bids to support the selection process. Payments were also made to various contractors from which **the Authority** never received a written contract.

**Recommendation**

It is recommended that bids be requested, received, and maintained on file for certain purchases and/or requests for services. There should be contracts developed and maintained on file to support applicable cash disbursements. Also, there should be written Board approval for material expenditures.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-24.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2007-18

**Condition**

A \$10,000 payment was made to the Authority's Executive Director outside of normal payroll processing. I was informed by the Executive Director that the \$10,000 was for retro-active pay intended to increase his salary for additional duties performed as a result of the aftermath of Hurricane Katrina. Also, a \$500 monthly payment was made to the Authority's Executive Director outside of normal payroll processing. I was informed by the Executive Director that the \$500 was for a monthly car allowance. It does not appear that these increases in pay were recorded in the W-2 of the Executive Director.

**Recommendation**

It is recommended that the Authority's Board of Directors maintain an active role in oversight of the Authority and document their activities via board minutes.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-27.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2007-19

**\*Condition**

Two key employees obtained occupancy of two low income apartment units from January 1, 2006 to August 1, 2008.

**Recommendation**

It is recommended that the Authority follow federal rules and regulations regarding its housing programs.

**Current Status**

Unresolved.

\* Repeated.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2006-07

**Condition**

In two (2) instances of ten (10) files tested, we noted the lack of documentation to support the Authority's certification of rent reasonableness. It is our understanding that as the Authority attempts to provide immediate housing for its returning residents there are instances where certain documents are lacking. Furthermore, it is our understanding through discussions with management that the lack of clear direction from HUD to include the number of comparable units available after Hurricane Katrina caused the described condition.

**Recommendation**

We recommend that management continue in its reconstruction effort. Also, all required documents should be obtained and/or documentation supporting the absence of such should be placed in the respective files.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-22

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2005-01 and 2005-03

**Condition**

As a result of the impact of Hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers, program participant file information, etc. were not available. The Authority was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider located outside of Louisiana.

**Recommendation**

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by the Authority's financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

**Current Status**

Unresolved. See current year's section of our report on other matters related to internal controls.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Numbers**

2004-01, 2000-04, and 2000-11

**\* Condition**

Our review of the Authority's internal control over financial reporting exhibited the following conditions:

- o No documentation and/or authorization to support \$3,710 in adjustments made by the Authority's accountant to adjust rent income in the month of June 2003 for evictions, move-outs, etc.;
- o A reconciliation of the cash receipts for the month of August 2003, to the rent roll, bank statement and general ledger revealed an out of balance condition of \$406 between the total of the validated deposit tickets and bank statement of \$35,681 as compared to the general ledger amount of \$35,275;
- o Also, reconciliation of the cash disbursements register for the month of August 2003, to the bank statement and general ledger revealed an out of balance condition of \$450 between the cash disbursement register and general ledger of \$89,746.05 compared to the bank statement amount of \$89,296.05.
- o Furthermore, the Voucher Program's "HAP" registers did not agree to the general ledger for the month of August 2003;
- o Bank accounts reconciliations for the entire year were prepared by an individual with custodial and recordation responsibilities; and
- o Untimely and inaccurate reconciliation of all significant subsidiary ledger accounts to the related general ledger control accounts.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2004-01, 2000-04, and 2000-11

**Recommendation**

Management needs to revise its procedures to enhance its monitoring and control environment. Specifically, the revision should include a review and approval of all journal entries and adjustments to the general ledger accounts, accurate preparation and review of all significant subsidiary ledger accounts, and greater oversight of key internal control activities.

Also, we recommend that the Authority implement a formal procedure to require the periodic reconciliation of its cash receipts and disbursements logs to the general ledger control accounts. Furthermore, the reconciliation should be reviewed by a supervisor and evidence of such indicated via an initialing and dating.

**Current Status**

Unresolved. See current year's audit finding reference numbers 2010-01, 2010-02, 2010-30 and 2010-31.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2004-03, 2002-07, 2001-04

**\*Condition**

The Authority did not use a detailed form specific to the "SEMAP" certification reporting for the tenant files sampled. As a result, we were unable to perform audit procedures to ascertain the Authority's response rate regarding the quality control sample of tenant files reviewed by the Authority's personnel for rent reasonableness.

**Recommendation**

We recommend that management ensure the adequacy of documentation supporting its annual "SEMAP" certification.

**Current Status**

Unresolved. See current year's audit finding reference number 2010-11.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued**

**Reference Number**

2000-01, 1999-02, 1998-02 and 1998-10

**Condition**

Bank account reconciliations for the Operating Certificate, Voucher and Pearl River Voucher Programs were not prepared for the entire fiscal year by the designated staff. We noted subsequent to their preparation, a net cumulative out of balance condition before the effect of audit adjustments of approximately \$709,873 between the general ledger of \$53,540 to the reconciled amount of \$763,413 for the reference bank accounts.

**Recommendation**

Management should ensure the timely preparation of all bank account reconciliations. All out of balance conditions should be resolved immediately.

**Current Status**

Partially resolved. See current year's audit finding reference numbers 2010-01 and 2010-30.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters**

During the week of August 31, 2009 HUD performed on-site "SEMAP" review. The results of the review follows:

**Reference Number**

HUD - 09-01 - Failure to Conduct Quality Control for Rent Reasonableness

**Condition**

The Authority has a process for determining rent reasonableness and documents the files to show the rent is reasonable as required. However, the Authority does not perform a quality control sample to determine if the Authority followed its written method to determine reasonable rent for new admissions, rental increase requests and decreases in fair market rents.

**Corrective Action**

Based on the number of new admissions and/or rental increase requests, the PHA must annually document a minimum of eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person) and maintain in a QC file. A copy of the QC sample is required to clear this finding.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-02 - Failure to Conduct Quality of Determination of Adjusted Income

**Condition**

**The Authority** properly obtains third party verification of income and properly determines adjusted income in most cases. However, **the Authority** does not conduct quality control reviews of a sample of files to show **the Authority** is properly verifying and determining adjusted income and is using the appropriate utility allowance in determining gross rent.

**Corrective Action**

Based on the number of vouchers funded, the PHA must annually document at least eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person). The PHA should perform quality control of this indicator. A copy of your QC sample is required to clear this funding.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-03 - Failure to Conduct Quality Control of HQS Inspections

**Condition**

The PHA did not review a sample of HQS inspections as a quality control measure.

**Corrective Action**

Based on the number of vouchers funded, the PHA must annually document quality control reviews of at least eleven (11) inspections drawn in an unbiased manner and conducted by a PHA supervisor (or other qualified person). The QC inspections should be maintained in a QC file. A copy of the QC sample is required to clear this finding.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-04 - Failure to Conduct Quality Control of HQS Enforcement

**Condition**

24 CFR 982.404 and 985.3 state that following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiency must be corrected within 24 hours from the inspection and all other cited HQS deficiencies must be corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected in a timely manner, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the PHA contract for the family.

**Corrective Action**

Develop and implement a Quality Control system that tracks HQS enforcement and include, as a minimum, the name of participant/landlord, address of unit, date and results of previous inspection, inspector's name and date of notification regarding deficiencies, date of re-inspection, date of abatement and date of termination (if applicable). A copy of the QC sample is required to clear this finding.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-05 - Failure to Implement Expanding Housing Opportunities  
to Encourage Owner Participation

**Condition**

**The Authority** did not implement a written policy to encourage landlord participation for expanding housing opportunities. **The Authority's** briefing packet does not contain the required information.

**Corrective Action**

**The Authority** documentation shows it has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration. **The Authority** cannot otherwise document that it took the actions indicated in its policy to encourage participation by owners of units outside areas of poverty and minority concentration. **The Authority** has not prepared maps that show various areas both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration. **The Authority's** information packet does not contain a list of owners who are willing to lease for properties available for lease. This information, is however, available at **the Authority**. The information packet includes an explanation of how portability works, but does not include a list of neighboring PHAs. The PHA cannot document that it has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration. To clear this finding, provide copies of the missing documentation.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-06 - Failure to Conduct Timely Annual Re-Examinations

**Condition**

As of March 31, 2009, the MTCS Re-Examination Report shows **the Authority** has 11% of units not re-examined in a timely manner.

**Corrective Action**

On a monthly basis, **the Authority** review the Re-examination Report in PIC to ensure the number of months since the last re-examination for each tenant reflects 12 months or less.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-07 - Failure to Inspect Each Newly Leased Unit Before the  
Beginning Date of the Assisted Lease and HAP Contract

**Condition**

As of March 31, 2009, the MTCS report shows the Authority had 11% of units not inspected before the beginning date of the assisted lease and HAP contract.

**Corrective Action**

On a monthly basis, the Authority should review the HQS Report in PIC to ensure the number of months since the last HQS inspection reflects 12 months or less.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 09-08 - Failure to Maintain Lease-Up of at Least 90%

**Condition**

As of March 31, 2009, **the Authority** had a lease up rate of 85%.

**Corrective Action**

**The Authority** should make every effort to begin processing their waiting list in order to fully lease up the program. Submit a report monthly to the local HUD office reflecting the lease up rate.

**Current Status**

Unresolved. For all prior year's finding and questioned costs, management will be setting a meeting with HUD to discuss by April 30, 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters**

The following is a status of prior year's other matters:

**Reference Number**

HUD - 08-01

**\*Condition**

The Authority has only three members on its Board of Commissioners.

**Corrective Action**

The Authority must immediately take the necessary actions to notify the Mayor of Slidell about the vacancies on the Board.

**Current Status**

Unresolved.

\*Repeated

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-02

**Condition**

The Authority is downloading incorrect data to the general ledger thereby reporting inaccurate financial records. The Tenant Accounts Payable as per the financial statements as of December 31, 2007 reflects the amount of \$43,595 due to the Authority.

**Corrective Action**

The Authority must correct its financial statement to reflect the actual amount monies due to the Authority in Tenant Accounts Payable. Submit a copy of the corrected statement with a Board resolution confirming completion of the task.

**Current Status**

Unresolved. See current year's finding reference number 2010-01.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-03

**\*Condition**

**The Authority** has allowed two (2) employees to live rent and utility free in two (2) dwelling units for a period of at least 29 months.

**Corrective Action**

**The Authority** may either request HUD approval to house employees in public housing units or the two employees should immediately move-out of the units and the units should be rented to qualified applicants from the waiting list. Regardless of which option is chosen, you must provide evidence to show that the receipt of fringe benefits in the form of free lodging has been reported to IRS for the calendar years of 2005, 2006 and 2007.

**Current Status**

Unresolved.

\* Repeated

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-04

**\*Condition**

The Authority does not have a Board approved operating budget for 2006, 2007, or 2008. The Authority was unable to provide evidence that the Board had complete monitoring oversight of the operating budget.

**Corrective Action**

The Authority must establish a financial management policy and procedure and implement the practices in accordance with Federal and State law. The Board must conduct a meeting at least once annually to review and approve the operating plan of the agency. The Board is responsible for monitoring the budget for overruns and soundness. Submit a copy of the Board approved policy and procedures for financial management, and an approved copy of current operating budget accompanied by a resolution acknowledging compliance.

**Current Status**

Unresolved.

\*Repeated

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-05

**Condition**

The Authority has failed to re-establish and implement policies required for the operation of the Authority. The Executive Director stated that HUD had copies of policies previously submitted in 2004. The Authority did not request copies of the previously established policies for their records. The PHA lacks a cash management/internal procedures policy, a collection/charge-off policy, a cash overages/shortages policy and an investment policy.

**Corrective Action**

The Authority must re-establish policies for the operation of the Authority. Each policy should be copies and distributed to each Board member. Each Board member should review the policies and make constructive comments as warranted. A general consensus of any changes needed should be arrived at by the Board. Policies should be cross referenced. By this we mean that the collection policy must agree with the dwelling lease and ACOP.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-06

**\*Condition**

The Authority continues to carry the residents from the Washington Heights site on the rental register. This site was destroyed by Hurricane Katrina in August, 2005. The Authority continues to add rental charges each month to those tenant's accounts.

**Corrective Action**

The Authority must maintain an accurate rental register on-site with the following information: tenant name, unit number, previous balance (if any), amount of rent charged for the month, other charges, amount paid, balance, and amount of security deposit on deposit. The Authority must delete the vacant tenants from the rental register. The Authority must submit a copy of the corrected rental register to the New Orleans HUD office.

In addition, the Authority must make an attempt to contact the former residents of the Washington Heights site who have relocated and refund security deposits that are due to them. In the event the residents are not found, the Authority must make a notation of the residents involved and maintain the deposits as payable to the residents. Submit a copy of the Board resolution confirming compliance to our office.

**Current Status**

Unresolved.

\*Repeated



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-07

**Condition**

The Executive Director provided a Procurement Policy that was adopted on December 9, 2004 by the Board. The Executive Director subsequently provided a different Procurement Policy with an adoption date of November 19, 2007. It is unclear how the November, 2007 policy was adopted by the Board since the Board has not met since May, 2005.

**Corrective Action**

The Authority update its Procurement Policy, submit the revised policy for public comment and have the policy adopted by the Board before submitting a copy to our office.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-08

**Condition**

The Executive Director is maintaining all Procurement and Contracting information in one file folder. The Executive Director was unable to provide adequate documentation to evidence the original contract awards or in some cases the current contract amount following any change orders.

**Corrective Action**

The Authority must maintain Procurement and Contract files in accordance with 24 CFR 85.36(b)(9) and HUD Handbook 7460.8 REV 2.

**Current Status**

Unresolved. See current year's finding reference number 2010-24.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-09

**Condition**

The utility allowance has not be updated since 2004.

**Corrective Action**

**The Authority** must review its Utility Allowances and determine whether an adjustment is needed. If an adjustment is warranted, **the Authority** must take the necessary steps to afford tenants the correct Utility Allowance.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2010**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD - 08-10

**Condition**

The ACOP was last updated in 2004 and does not include information pertaining to the Violence Against Women Act (VAWA).

**Corrective Action**

The Board of Commissioners must adopt the provisions of the VAWA.

**Current Status**

Resolved.

## **HOUSING AUTHORITY OF THE CITY OF SLIDELL**

---

### **EXIT CONFERENCE**

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Management is in agreement with the content of this report. Those that participated in the conference:

### **HOUSING AUTHORITY OF THE CITY OF SLIDELL**

Ms. Shelia Danzey	--	Interim Executive Director
Ms. Susan Vaughn, CPA,	--	Consultant
Ms. Lesia Smooth	--	Project Manager (Public Housing)
Ms. Lorraine Cox	--	Project Manager (Section 8)
Ms. Heather Frazier	--	Accountant

### **BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Ms. Toni Murphy, CPA	--	Accountant



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

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL**

Board of Commissioners  
**Housing Authority of the City of Slidell**  
Slidell, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Slidell (the Authority)**, as of and for the year ended March 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered **the Authority's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. We previously reported on **the Authority's** internal control in our report dated February 4, 2011. This letter does not affect our report dated February 4, 2011 on **the Authority's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience, and to perform any additional study of these other matters.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010**

The following is a listing of the current year's other matters related to internal control:

**Condition**

The December 31, 2009 and March 31, 2010 bank reconciliations included the following:

- o \$38,633 in stale dated checks at March 31, 2010, with some of the checks dating as far back as October 2007.
- o Unlocated supporting documents for check number 25133 for the amount of \$2,133.64 in the March 31, 2010 bank account reconciliation.
- o Out of balance condition amounting to \$1,457.63 in the March 31, 2010 bank account reconciliation.
- o Lack of a void check policy.
- o No evidence of supervisory review beyond the preparer for the bank account reconciliations.

**Recommendation**

Management should re-evaluate its current policies and procedures with an aim towards resolution of the above described condition.

**Management's Response and Planned Corrective Action**

Management is in the process of developing accounting procedures in accordance with generally accepted accounting principles that will address all areas of internal control relating to cash by March 31, 2011.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010, CONTINUED**

**Condition**

At March 31, 2010 the tenant security deposit amount reflected on the general ledger was contrary to the account's normal balance of a credit amount. The incorrect debit balance of \$3,010 was also not in agreement with the amount reflected as tenant security deposit cash amount of \$4,821. Further the Authority could not provide us with a detail tenant security deposit subledger.

**Recommendation**

Management should reconcile the tenant security deposit account to aligned with the amounts collected and held on behalf of tenants. Further, a separate bank account should be used to eliminate the commingling of restricted funds.

**Management's Response and Planned Corrective Action**

Management has begun the process of establishing a separate bank account designated for security deposits. Additionally, the accounting procedures will include a monthly reconciliation of the bank account balance to tenant account information in TENMAST. We will have the Board ratify the creation of the account.



**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

**2010, CONTINUED**

**Condition**

Unauthorized on-line transfer of construction funds in the amount of \$52,500 to fund retirement benefits for the former executive director. The current disbursement policy requires two signatures on all payments.

Authorized and/or approved invoices and/or supporting documentation were unavailable for our review.

Further, we were unable to verify the accuracy of the contribution of \$52,500. The board resolution directed contribution for prior year services. However, the salary amount used was \$75,000 (contract executed on July 29, 2009). The board resolution authorizing the chairman of the board to execute a contract with the former executive director states "the contract will be effective on the date executed...." without exception. Nevertheless, the executed contract reads "effective as of June 9, 2008...."

**Recommendation**

**The Authority** should revisit with its disbursement policy to ensure compliance by all employees charged with disbursement responsibility. Also, current management should review the board's intent in the authorization for the execution of a contract with the former executive director to ensure the propriety in payments made.

**Management's Response and Planned Corrective Action**

Management has set a policy that only allows on-line transfers for payroll checks, the related payroll tax deposits and HAP Payments. Internal procedures for these transactions dictate approval by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

**2010, CONTINUED**

**Condition**

Interfund balances were not properly researched and reconciled to ensure that:

- o Interfund balances represent valid receivable and/or payables to and/or from the respective programs; and
- o Interfund balances net to zero.

**Recommendation**

Management should ensure the timely and accurate reconciliation of all interfund activities on a periodic basis. The reconciliation should ensure that the balances net to zero.

**Management's Response and Planned Corrective Action**

We concur with this recommendation and will incorporate this into the policy process for our monthly procedures. Also, we are currently working with our software vendor (TENMAST) to determine the system's capability to automatically create interfund transactions to assist in the monthly balancing of the accounts by March 31, 2011.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010, CONTINUED**

**Condition**

Inadequate system and number of personnel in place to ensure the timely development and implementation of updates to various policies and procedures (such as internal control, housing program administrative plan, travel policy, financial management policies, personnel policy, and occupancy standards, etc.) affecting its financial reporting and program compliance requirements.

We also noted that the current financial management policy adopted by the Board does not align with the various practices of the Authority.

**Recommendation**

We recommend the continued training of staff with financial and program responsibilities to include access to various program compliance changes or updates in order to assist in the timely development and implementation of regulatory changes.

**Management's Response and Planned Corrective Action**

We concur with the recommendation of the auditors. We are currently in the process of revising and documenting all financial procedures to assist in staff training. The procedures will involve all levels of management, including the Board of Commissioners in order to strengthen internal controls.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010, CONTINUED**

**Condition**

HUD has initiated a review of the restricted net assets for all housing authorities. For the March 31, 2010 year end, the Authority has received an estimated net restricted asset balance for its Voucher Program for its concurrence.

**Recommendation**

Management should review the calculation and compare the amount to its general ledger recorded balance. Any resulting reclassification entries between the restricted and unrestricted net assets should be prepared and posted accordingly.

**Management's Response and Planned Corrective Action**

We concur with the recommendation and plan to make the re-classification as applicable.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010, CONTINUED**

**Condition**

The U. S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

**Recommendation**

All outstanding FDS reports should be filed and a system developed and implemented to ensure the timely filing of all future reports.

**Management's Response and Planned Corrective Action**

Management is currently working to submit all outstanding FDS reports.

**Condition**

During the year ended March 31, 2010, the Authority incurred significant costs primarily in the employee compensation line item category of its budget. We were unable to determine, if the additional costs were a part of the original budget approved by the Board. Further, we noted no amendment to the original budget to accommodate the additional costs.

**Recommendation**

Management should provide as part of its monthly report to the Board actual report with all significant variances analyzed.

**Management's Response and Planned Corrective Action**

We concur and management is currently working with our software vendor (TENMAST) to determine what system features can be utilized to enhance the Authority's financial reporting including budget to actual reports.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2010, CONTINUED**

**Condition**

Currently, the Authority uses various software to accumulate accounting and program information on a regular basis. However, we noted no plan to require the offsite storage of all pertinent accounting and program data.

**Recommendation**

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on the Authority.
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

**Management's Response and Planned Corrective Action**

Management is working on a plan and will recommend a policy for approval by the Board.

**Condition**

The budgets required by HUD for the 2010 and 2011 fiscal years were not submitted in the required format.

**Recommendation**

Management should establish a global reporting matrix to ensure the timely and accurate submission of all required HUD report.

**Management's Response and Planned Corrective Action**

Management recently submitted a Board approved budget for the year 2011 and 2012 to HUD.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2009 AND PRIOR**

The following is a current status of the prior year's other matters related to internal control:

**\*Condition**

**The Authority** continues to face challenges impacting its ability to prepare on a timely basis reconciliation between the detail subsidiary ledgers and the general ledger control account balances for **the Authority's** significant accounts in its Low Rent, Voucher and Capital Fund Programs.

**Recommendation**

Management should continue in its effort to complete the reconstruction process to facilitate the timely reconciliations of all significant accounts.

**Current Status**

Unresolved.

**\*Condition**

At the start of fieldwork, we noted no complete bank account reconciliations prepared for the Housing Choice Voucher and Low Rent Programs for the months from April 2008 through March 31, 2009.

**Recommendation**

Management should ensure the timely preparation of complete bank account reconciliations to include the preparation and posting of all adjustments resulting from the reconciliation process.

**Current Status**

Unresolved. We are currently preparing bank reconciliation for all bank accounts, as well balances on a weekly basis depending on cash requirements of **the Authority**. The sweep of funds from the vouchers has ceased which will help with the interfund reconciliation.

\*Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2009 AND PRIOR, CONTINUED**

**\*Condition**

Currently, the Authority's leased-up levels (Voucher and Public Housing Programs) have been significantly impacted by the events of hurricane Katrina.

**Recommendation**

We recommend that management continue to explore avenues to increase its current leased-up levels.

**Current Status**

Unresolved. Effective February 7, 2011 we are now going through the waiting list and anticipate completion of the list by April 30, 2011.

**\*Condition**

The Authority should continue its review of existing policies and procedures and complete the necessary updates and/or development of new policies and procedures in all aspects of its operation.

**Recommendation**

We recommend that management complete the review process and develop the necessary policies and procedures.

**Current Status**

Unresolved. Management concurs with the recommendation. We anticipate all financial procedures will be reviewed and revised (where applicable) by March 31, 2011. Procedures will include management review.

**\*Repeated**



**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2009 AND PRIOR, CONTINUED**

**Condition**

**The Authority** does not maintain a current capital assets subsidiary ledger to account for all capital assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

**Recommendation**

We recommend that a capital assets schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

**Current Status**

Unresolved. We are currently investigating our software, and will identify a system by March 31, 2011.

**\*Condition**

**The Authority** has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

**Recommendation**

We recommend that management of **the Authority** undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

**Current Status**

Unresolved. We concur with the recommendation and have developed an allocation plan. We will have the Board approval by March 31, 2011.

**\*Repeated**

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

**2009 AND PRIOR, CONTINUED**

**\*Condition**

For the test month of September 2007, we were unable to traced rent collections by tenant to the validated bank deposits either individually or by batch as the validated deposit slips were unavailable.

Two (2) payments made to a credit card account lacked supporting documents to evidence the type of expenses incurred to include their allowability.

All sixteen (16) disbursements selected lacked evidence of cancellation to prevent the potential for further use.

Eleven (11) of sixteen (16) disbursements reviewed revealed absence of any evidence to support the clerical verification of the invoices prior to payment.

Eleven (11) of sixteen (16) disbursements reviewed lacked the appropriate evidence to facilitate our determination of the allowability of expenses incurred.

For thirteen (13) of the sixteen (16) transactions selected, we were unable to ascertain that the expenses have been charged to the appropriate cost category.

**Recommendation**

Management should re-evaluate its current internal control processes with an aim towards ensuring its completeness.

**Current Status**

Unresolved.

Management concurs with the recommendation and we will review the entire rent collection procedure in order to include all necessary revisions that would strengthen internal controls.

**INDEPENDENT AUDITORS' REPORT ON OTHER  
MATTERS RELATED TO INTERNAL CONTROL**  
(CONTINUED)

\*\*\*\*\*

The Authority's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

February 4, 2011