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January 7, 2004

Mr. Kelton Ficklin, Chairman,  
and the Board of Commissioners  
of the Fenton Housing Authority  
503 Elton Leonia  
Fenton, LA 70640

We performed a limited review of the financial records of the Fenton Housing Authority (Authority) for the period beginning December 1, 2001, and ending November 30, 2003. We also reviewed the Authority's policies and procedures as well as the board meeting minutes. The scope of our work was significantly less than those required by *Government Auditing Standards* in the audit of the Authority's financial statements; therefore, we are not offering an opinion on the Authority's financial statements, the Authority's system of internal control, or assurance as to compliance with laws and regulations.

As part of our review, we noted certain matters that we want to bring to the attention of the board and management for consideration. We offer the following comments and suggestions:

1. **Monthly Financial Statements:** The Authority does not have written policies and procedures for the production of financial statements. The Authority should have written policies and procedures that contain the nature, extent, and frequency that financial statements should be provided to management and the governing body.
2. **Disbursements:** Authority invoices were not marked "paid" though a copy of the check was attached to the invoice. It is good practice to identify paid invoices; attached documents can be easily unattached, which could result in duplicate payment. The Authority should establish written procedures containing a clear understanding of what task should be performed, how and when disbursements occur, who performs the disbursement tasks, and the policies enforcing these practices.
3. **Investments:** Written policies that detail and clarify investment objectives and the procedures necessary to reach those objectives should be established by the Authority. The investment policy must comply with Louisiana law as defined in Revised Statutes 33:2955 and 39:1221.
4. **Delinquent Accounts Receivable:** Written policies for collecting delinquent accounts receivable and policies for enforcing the collection should be established by the Authority. Insufficient effort to collect delinquent accounts receivable is a violation of Article VII, Section 14 of the Louisiana Constitution of 1974.

5. **Information Systems:** Written policies and procedures including Internet access, files that can and cannot be downloaded from the Internet, and identifying critical and non-critical data should be established by the Authority. The Authority should have a contingency or recovery plan in the event of a disaster. Critical data should be backed up regularly and stored in a secure location.
6. **Payroll and Attendance Records:** The Authority should establish written policies and procedures to ensure good documentation of the payroll and attendance processes. Documentation should include time reports indicating hours worked, time report approval by management, and records to account for sick leave earned and vacation taken should they apply. Personnel files should include signed I-9 forms, signed job descriptions, approved employee pay rates, and completed job applications.
7. **Capital Assets:** The Authority is not conducting a physical inventory of capital assets. Capital assets should be tagged, routinely inventoried, and properly retired to ensure asset accountability.

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

If you have any questions, please contact me at (225) 339-3839 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,



Grover C. Austin, CPA  
First Assistant Legislative Auditor

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