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January 7, 2004

Ms. Jane McClain, Chairman,
and the Board of Commissioners
of the Oakdale Housing Authority
801 East 7th Avenue
Oakdale, LA 71463

We performed a limited review of the financial records of the Oakdale 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. Lack of Policies and Procedures

- a. **Budgeting:** Written policies and procedures should be established that will provide guidelines necessary in managing the Authority's budget. A written budget policy containing detailed procedures for preparing, adopting, monitoring, and amending the budget will provide for compliance with Louisiana Revised Statutes 39:1301-1315.
- b. **Credit Cards:** Written policies and enforced procedures that provide guidance for the business use and supporting documentation of credit cards should be established. The credit card statement alone is not sufficient documentation. The Authority should require detailed documentation of each credit card purchase.
- c. **Cellular Phones:** Written policies and procedures for the business use and care of cellular phones should be established that (1) contain criteria for the issuance of cell phones to employees based on employee duties and responsibilities; (2) require a review of cellular phone contracts annually to determine the minimum amount of airtime minutes needed per month and negotiate a new contract when the existing contract expires; (3) require employees who are issued a cellular phone to review their monthly phone bill and identify personal calls made or received; (4) require each employee is billed, at a standard rate for each minute, for personal calls; and (5) require monthly bills are reviewed for propriety and reasonableness of phone usage.

- d. **Delinquent Accounts Receivable:** Written procedures for collecting delinquent accounts receivable and policies for enforcing the collection should be established. Insufficient effort to collect delinquent accounts receivable is a violation of Article VII, Section 14 of the Louisiana Constitution of 1974.
- e. **Inventories:** The Authority should adopt a written policy containing procedures that provide for the accurate accountability of inventory. This policy should include the detailed procedures for using purchase and work orders to maintain a current inventory list. Periodic physical inventory counts should be conducted to ensure accuracy of inventory.
- f. **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. Testing of the recovery plan should be conducted annually.
- g. **Capital Assets:** The Authority should conduct a physical inventory of capital assets. Capital assets should be tagged, routinely inventoried, and properly retired to ensure asset accountability.

2. **Noncompliance With Policies and Procedures**

- a. **Ethics:** The Authority must comply with its current ethics policy and Louisiana ethics law. Management should require annual certification letters from board commissioners and employees attesting to their compliance.
- b. **Disbursements:** The Authority should follow its current policy for disbursement approval and not allow board members to sign blank checks. The signing of blank checks dramatically increases the fraud risk within an entity.

3. **Informal Policies and Procedures**

- a. **Payroll and Attendance Records:** The Authority should commit to writing its oral policies and procedures. The policies and procedures should require documentation such as simple time reports indicating hours worked, time report approval by management, and simple 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.

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This letter is intended for the information and use of the management of the Oakdale 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,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA
First Assistant Legislative Auditor

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