



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870
E-MAIL: www.la.state.la.us

January 19, 2005

Mr. Eddie J. Guilbeaux, Executive Director,
and Members of the Board of Commissioners
Housing Authority of Opelousas
600 Warren Street
Opelousas, LA 70634

We performed a limited review of the financial records of the Housing Authority of Opelousas (Authority) for the period beginning July 1, 2001, and ending June 30, 2004. 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 that 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, nor 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. Financial Reporting: Monthly financial statements are not submitted to the Board for review. The Board should be provided with the monthly financial statements and budget comparisons for all funds. The Authority should develop and implement a written policy that provides for the nature, extent, and frequency of reporting financial information to the Board.
 - b. Disbursements: Written procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. These procedures will ensure that management's expectations are met. The Authority should also develop *procedures to ensure that funds are disbursed in a manner consistent with management's expectations* and that disbursements are for the benefit of the Authority. This policy should provide for adequate documentation to support the business purpose of each disbursement.

- c. **Payroll Processing:** The Authority should adopt policies and procedures that provide guidance as to how frequently payroll will be processed, what to do if a check is lost or stolen, and how to handle discrepancies in check amount, withholdings, or deductions.
- d. **Records:** The Authority does not have a formal records retention schedule but does maintain, as required by law, records for at least three prior years. The Authority should develop a records retention schedule and seek approval from the Louisiana Secretary of State.
- e. **Inventories:** The Authority should adopt a written policy containing procedures that provide for accurate accountability of inventory. This policy should include detailed procedures for using purchase and work orders to maintain a current inventory list. In addition, periodic physical inventory counts should be conducted to ensure accuracy of inventory.
- f. **Information Systems:** The Authority does not have a written back-up contingency and recovery plan in the event of a disaster. The Authority should develop a contingency and recovery plan and store back-up copies of all electronic files offsite or in a fire proof filing cabinet. The Authority should also periodically test its contingency and recovery plan.

2. **Noncompliance With Policies and Procedures**

- a. **Purchasing:** The Authority does not use purchase requisitions/purchase orders to aid in the purchasing function. Also, the Board does not approve purchases. The Authority should amend the current purchasing policy to include the use of purchase requisitions/purchase orders to provide for approval prior to purchase. In addition, the Board should review each purchase to determine if it is in the best interest of the Authority.
- b. **Payroll and Attendance Records:** Employee personnel files are not complete. Personnel files should contain, at a minimum, (1) documentation of the employee's approved pay rates; (2) a completed Form I-9 for all employees hired after November 6, 1986; (3) completed federal and state income tax withholding forms (Forms W-4 and L-4); (4) an employment application form; and (5) a job description. Also, employees are not required to fill out detailed time and attendance reports. The Authority should review each employee personnel file and ensure that these minimum requirements are met. The Authority should also require

employees to fill out detailed time and attendance reports including salaried employees.

- c. **Travel:** The travel policy states, "All travel expense must be recorded on specified travel forms signed by the traveler and approved by the Executive Director or other designated person, prior to reimbursement." However, the forms have not been used since 1999. The Board should examine the policy and set a reasonable minimum travel distance qualifying the traveler for per diem and overnight travel. On two occasions, overnight travel and per diem were paid for a trip to Lafayette, which is approximately 20 miles from Opelousas.

3. **Areas of Concern**

- a. **Uniformed Police Patrols:** Since 1990, the Authority has had an agreement with the Opelousas Police Department (OPD) to provide extra patrols for the Authority's properties. Though payments are approved by the Board and included in the annual budget, no written, formal contract exists and no invoices detailing the precise extra service are rendered. The Authority under Board supervision should:

- (1) negotiate a written contract;
- (2) ensure service is rendered;
- (3) require invoices detailing the service rendered; and
- (4) review the invoices for accuracy prior to payment.

The OPD's radio log should be used to document services rendered after business hours. The log should be reviewed prior to payment.

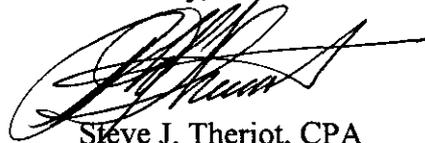
- b. **Bicycle Patrols:** Beginning in July 2000, the Authority entered into a contract with the OPD to provide bicycle patrols of Authority property. Though OPD submitted detailed time sheets for the hours claimed by each officer, the auditor became aware, through an audit of the OPD, that over a three-year period not all of the hours claimed were actually worked. Former OPD officer, Major Ronnie Trahan, stated that he billed for hours that were not worked. The Authority should implement policies and procedures that ensure hours billed were actually worked and payment is

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Housing Authority of Opelousas
January 19, 2005
Page 4

made only for services rendered. The Executive Director randomly checked that the patrols were conducted and monitored radio transmissions. However, additional procedures should be implemented to ensure services are rendered. One such procedure is the use of sign-in/out sheets for patrols that occur during normal business hours. For patrols conducted after normal business hours, the OPD's radio log should be used to document services rendered. The sign-in/out sheets and the log should be reviewed prior to payment. The Authority should also seek reimbursement from the OPD for services not rendered.

I trust that this information will assist you in the efficient and effective operations of the Authority. Should you have any questions, contact me at (225) 339-3839.

Sincerely,



Steve J. Theriot, CPA
Legislative Auditor

SDP:JM:DGP:dl

OPLHA05

The Housing Authority of the City of Opelousas

Eddie J. Guilbeaux
Executive Director

906 East Laurent Street
Post Office Box 689
Opelousas, Louisiana 70571-0689
PHONE (337) 942-5693

November 5, 2004

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Limited Review Report dated October xx, 2004

Dear Mr. Theriot:

In response to the referenced report, we offer the following comments and responses:

1. Policies and Procedures:

- (a) Beginning November 2004, the Board of Commissioners of the Housing Authority of the City of Opelousas will be provided a copy of the "Financial Statement Report" received by the Executive Director each month from the Authority's CPA. The Authority will have a *written* policy to this effect.
- (b) Written procedures **are** already in effect through the Authority's Board-approved Policies. In addition, the Executive Director reviews and initials all accounts payable and secures two signatures per check written.
- (c) Procedures for payroll processing **are** currently being followed by the Authority and its CPA (payroll preparer). In addition, a formal *written* Payroll Processing Policy is being incorporated.
- (d) Records Retention Procedure **is** already in effect through the efforts of the Executive Director and the Assistant Director. In addition, a formal *written* Records Retention Procedure Policy is being incorporated.
- (e) An accurate accountability of inventory and periodic inventory counts **are** already in effect through the efforts of the Executive Director, the CPA and the Maintenance Superintendent. In addition, a formal *written* Inventory Accountability Policy is being incorporated.
- (f) Regarding Information Systems, the Authority **does** have a back-up contingency and recovery plan in the event of disaster. We **do** execute a back up every day of all electronic files and back-ups are stored in a fireproof room. The contingency and recovery plan **is** already in effect. In addition, a formal *written* Plan is being incorporated.

November 5, 2004

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor

2. Policies and Procedures Non-Compliance:

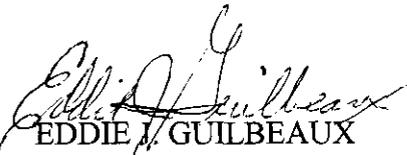
- (a) The Board of Commissioners approves purchases of office and maintenance supplies and materials through study and approval of the annual Operating Budget. The Board approves Capital Fund Program purchases through study and approval of Construction Contracts after legal and proper bidding formalities. Purchase Order forms have been ordered from our supplier and will be used as soon as received.
- (b) Employees Personnel Files are complete. All items listed in this sub-part are currently in employee's files, except for Form I-9. A completed Form I-9 is being incorporated. The CPA office holds the W-4 and L-4 forms since they prepare payroll and W-2 forms. The detailed Time and Attendance Forms are completed by the Executive Director and the Attendance Clerk and kept on file in an Attendance File in the fireproof room. Each employee's record is on file.
- (c) The Board of Commissioners will review the Travel Policy and make a decision as to a reasonable minimum travel distance, and will incorporate a *written* policy to that effect in the Office Policy and Procedures.

3. Areas of Concern:

- (a) A letter has been sent to the Opelousas Chief of Police requesting "detailed precise extra services rendered" accounting for each submitted monthly invoice. Assurance of services rendered is already in existence through reasonable visual checks by the Executive Director and staff. A written contract will be negotiated between parties.
- (b) During the existence of the PHDEP Bicycle Patrol Program, the Housing Authority implemented policies and procedures that ensured hours reported were actually worked. The Executive Director did reasonably check every day he was in Opelousas. The Housing Authority did not pay for services not rendered. The Bicycle Patrol Grant has ended and the patrol is no longer in existence.

Thank you for your assistance in continuing our efficient and effective management of the office of the Housing Authority of the City of Opelousas. If we can be of further help, please let us know.

Sincerely,


EDDIE J. GUILBEAUX
EXECUTIVE DIRECTOR

EJG:drf
Enclosure