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## Management Letter Highlights

### Why We Conducted This Audit

We conducted procedures at the Executive Department as a part of our audit of the State of Louisiana's financial statements and as a part of the State of Louisiana Single Audit for the fiscal year ended June 30, 2011.

### What We Found

The CDBG Homeowners Assistance Program is the largest single housing recovery program in U.S. history and assists families affected by hurricanes Katrina and Rita get back into their homes.

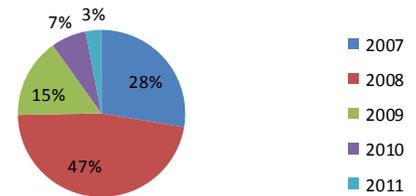
- **Inadequate Grant**

- **Recovery of Homeowners Assistance Program (HAP)**

- **Awards** - Our review of 45 homeowners participating in the HAP disclosed that 24 (53%) of these homeowners with awards totaling \$1,547,795 had not provided adequate evidence of compliance with one or more award covenants to the Office of Community Development (OCD).

#### HAP Awards to Homeowners

(\$8.4 Billion Total)



Source: Integrated Statewide Information Systems (ISIS) data at June 30, 2011.

- **Inadequate Recovery of Small Rental Property**

- **Program (SRPP) Loans** - Our review of 30 property owners with SRPP loans under the CDBG program disclosed that 13 (43%) of these property owners, with loans totaling \$1,414,541, failed to provide adequate evidence to OCD of compliance with one or more requirements in the loan agreement.

The CDBG SRPP provides funding to property owners to repair their storm-damaged, small-scale rental properties and make their units available to low- and moderate-income tenants at affordable rates.

- **Inadequate Monitoring of Credit Cards Issued to**

- **Employees** - Between February 1, 2009, and September 30, 2011, the State of Louisiana lost \$385,845 and potentially violated the Louisiana Constitution because it did not adequately monitor and pursue the collection of delinquent credit card balances within the Statewide Travel Card program.

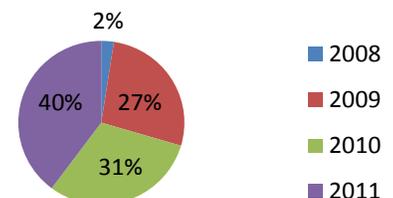
- **Noncompliance With Procurement and Suspension and**

- **Debarment Requirements** - Our review of six Office of Coastal Protection and Restoration vendor contracts disclosed that five (83%) had no evidence that the contracting party was not suspended or debarred by the federal government.

- **Inaccurate Annual Financial Report** - Office of Facility Planning and Control did not submit an accurate Annual Financial Report to the Office of Statewide Reporting and Accounting Policy. Total deferred revenue was overstated by \$23.8 million and accounts receivable was understated by \$17.2 million.

#### SRPP Loans to Property Owners

(\$274 Million Total)



Source: ISIS data at June 30, 2011.

View the full report at [la.la.gov](http://la.la.gov).

For more information, contact Tom Cole, Director of Financial Audit Services, at 225-339-3800.