

6086

RECEIVED  
LEGISLATIVE AUDITOR

03 APR -2 AM 10:01

**ST. MARY PARISH HOUSING PROGRAM**  
STATE OF LOUISIANA

Annual Component Unit Financial Statements  
with Independent Auditors' Report

and

Reports on Compliance, and Internal Control  
Over Financial Reporting and Federal Awards

For the Year Ended September 30, 2002

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 9/9/03

## CONTENTS

	<u>PAGE</u>
<b><u>FINANCIAL INFORMATION SECTION</u></b>	
Independent Auditors' Report	1-2
General Purpose Financial Statements	
Combined Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Section 8 Housing	4
Notes to the Financial Statements	5-9
<b><u>SCHEDULE OF FEDERAL AWARDS</u></b>	
Schedule of Expenditures of Federal Awards	10-11
<b><u>INTERNAL ACCOUNTING CONTROL AND COMPLIANCE</u></b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	12-13
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	14-16
Schedule of Findings and Questioned Costs	
A. Summary of Audit Results	17
B. Findings - Financial Statement Audit	18
C. Findings and Questioned Costs - Major Federal Award Program Audit	19
Summary of Prior Year Findings and Related Corrective Action Prepared by Management of St. Mary Parish Housing Program	20
Corrective Action Plan Prepared by Management of St. Mary Parish Housing Program	21

## FINANCIAL INFORMATION SECTION



**INDEPENDENT AUDITORS' REPORT**

Mr. Jim Firmin, Administrator  
St. Mary Parish Housing Program  
Morgan City, Louisiana

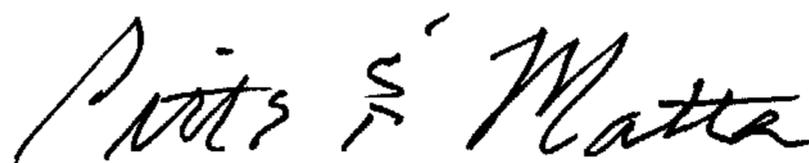
We have audited the accompanying general purpose financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Housing Program, as of September 30, 2002, and the results of its operations 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 March 28, 2003, on our consideration of the St. Mary Parish Housing Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the 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 general purpose financial statements of the St. Mary Parish Housing Program. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2003

**ST. MARY PARISH HOUSING PROGRAM**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
September 30, 2002

	<b>GOVERNMENTAL FUND TYPE SPECIAL REVENUE FUND</b>	<b>ACCOUNT GROUP GENERAL FIXED ASSETS</b>	<b>TOTAL (MEMORANDUM ONLY)</b>
<b>ASSETS</b>			
Cash	\$90,393		\$90,393
Fixed assets		\$1,925	1,925
	<hr/>	<hr/>	<hr/>
Total assets	\$90,393	\$1,925	\$92,318
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND EQUITY:</b>			
<b>Liabilities:</b>			
Due to HUD	\$63,711		\$63,711
Accounts payable and accrued expenses	208		208
	<hr/>	<hr/>	<hr/>
Total liabilities	63,919	--	63,919
	<hr/>	<hr/>	<hr/>
<b>Equity:</b>			
Investments in general fixed assets		\$1,925	1,925
Fund balance	26,474		26,474
	<hr/>	<hr/>	<hr/>
Total equity	26,474	1,925	28,399
	<hr/>	<hr/>	<hr/>
Total liabilities and equity	\$90,393	\$1,925	\$92,318
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**ST. MARY PARISH HOUSING PROGRAM  
SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
Section 8 Housing  
For the Year Ended September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Federal grant	\$452,109	\$392,775	(\$59,334)
Interest		873	873
Total revenues	452,109	393,648	(58,461)
<b>Expenditures:</b>			
<b>Health and welfare</b>			
Housing assistance payments	349,980	281,650	68,330
Administrative costs	102,129	107,711	(5,582)
Total expenditures	452,109	389,361	62,748
Excess of revenue over expenditures		4,287	4,287
Fund balance at beginning of year		22,187	22,187
Fund balance at end of year	--	\$26,474	\$26,474

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

ST. MARY PARISH HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Housing Program administers the Section 8 Housing Program. The Section 8 Housing Program covers all of St. Mary Parish, excluding Morgan City.

The Section 8 Housing Program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

The activity in the Home Disaster Relief Program was substantially completed in a prior year and was closed out in the current year.

The financial statements of the St. Mary Parish Housing Program have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Program is a component unit and integral part of St. Mary Parish (the primary government.)

These financial statements include only the operations of the Program.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Fund Accounting**

The Program uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**Governmental Fund**

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Federal grants are recorded when the Program is entitled to the funds. Expenditures are recorded when the related fund liability is incurred.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets**

The program director develops a budget for operation of the Section 8 Housing Program based upon the number of approved residential units to be funded. The grantor approves the number of units, the total grant funds, and the allocation of expenditures between administrative and housing assistance payments.

The budget is prepared on a basis which is consistent with generally accepted accounting principles.

The program does not utilize encumbrance accounting.

**E. Cash and Cash Equivalents**

For financial statement purposes, cash and cash equivalents include demand deposits.

Cash and cash equivalents are stated at cost, which approximates market.

**F. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**G. Memorandum Only - Total Column**

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

## NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Program's cash and cash equivalents was \$90,393 and the bank balance was \$120,851.

Under state law, these deposit must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Under the provision of the Governmental Accounting Standards Board (GASB) codification, accounts secured by pledged securities which are not in the name of the governmental unit are considered uncollateralized.

The following is a summary of the cash and cash equivalents, federal deposit insurance, and pledged securities as of September 30, 2002:

Cash and cash equivalents - stated value	<u>\$90,393</u>
Cash and cash equivalents - bank balance	\$120,851
Portion insured by federal deposit insurance	100,000
Collateralized by securities in the Program's name Held by the Program or its agent	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	20,851
Portion of deposits secured under Louisiana law	<u>20,851</u>
Amount unsecured under Louisiana law	<u>NONE</u>

## NOTE 3 - CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed expenditures may constitute a liability of the Program. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, management of the Program believes disallowances, if any, to be immaterial.

**NOTE 4 - FIXED ASSETS**

A summary of the Program's fixed assets at September 30, 2002, follows:

	<u>Balance</u> <u>9/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/02</u>
Office Equipment	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>
Total	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>

**NOTE 5 - CONCENTRATIONS**

The Program receives ninety-nine percent of its revenue from federal grants.

**NOTE 6 - RISK MANAGEMENT**

The Program is exposed to various risks of loss related to torts and errors or omissions. The Corporation contracted to administer the program carries insurance to substantially cover all risks of the Program.

**NOTE 7 - RELATED PARTY TRANSACTION**

St. Mary Parish (Parish) contracts with Community Design Group (CDG) to administer the Program. The Parish also hired another company, which is owned by one of the principals in CDG to provide other services to the Program. The Program paid this second company approximately \$4,000 for these services in 2002.

**NOTE 8 - NEW REPORTING STANDARD**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Program is required to implement this standard for the fiscal year ending September 30, 2003. The Program has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements. However, GASB Statement 34 requires that in the initial year of implementation (2003) that governmental entities provide a provision for accumulated depreciation of fixed assets as if the fixed assets had been depreciated since their acquisition. Due to this, the Program estimates that the value of fixed assets presently recorded would be reduced by approximately \$1,900.

**SCHEDULE OF FEDERAL AWARDS**

**ST. MARY PARISH HOUSING PROGRAM**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2002**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing-Federal Housing Commissioner			
Section 8 Housing Choice Vouchers	14.871	<u>\$392,775</u>	<u>\$389,361</u>
Total US Dept. of Housing and Urban Development		<u><u>\$392,775</u></u>	<u><u>\$389,361</u></u>

The accompanying notes are an integral part of this financial schedule.

**ST. MARY PARISH HOUSING PROGRAM**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of activity of the Program's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

**INTERNAL ACCOUNTING CONTROL, AND COMPLIANCE**



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Jim Firmin  
St. Mary Parish Housing Program  
Morgan City, Louisiana

We have audited the general purpose financial statements of St. Mary Parish Housing Program, as of and for the year ended September 30, 2002, and have issued our report thereon dated March 28, 2003. 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.

Compliance

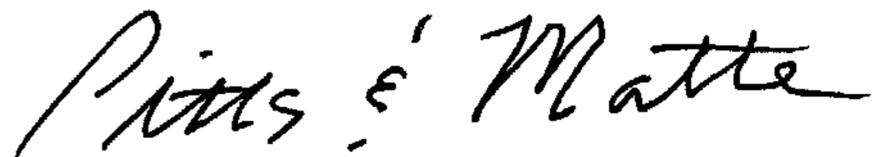
As part of obtaining reasonable assurance about whether St. Mary Parish Housing Program's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Housing Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Mary Parish Housing Program's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2003



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Jim Firmin  
St. Mary Parish Housing Program  
Morgan City, Louisiana

Compliance

We have audited the compliance of the St. Mary Parish Housing Program with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2002. The St. Mary Parish Housing Program's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on the St. Mary Parish Housing Program's compliance based on our audit.

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; and OMB 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 referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Mary Parish Housing Program'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 St. Mary Parish Housing Program's compliance with those requirements.

As described in item 2002-2 in the accompanying schedule of findings and questioned costs, St. Mary Parish Housing Program did not comply with requirements regarding cash management that is applicable to Section 8 Housing Choice Vouchers Program. Compliance with this requirement is necessary, in our opinion, for the St. Mary Parish Housing Program, to comply with requirements applicable to those programs.

*In our opinion, except for the noncompliance described in the preceding paragraph, the St. Mary Parish Housing Program complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2002.*

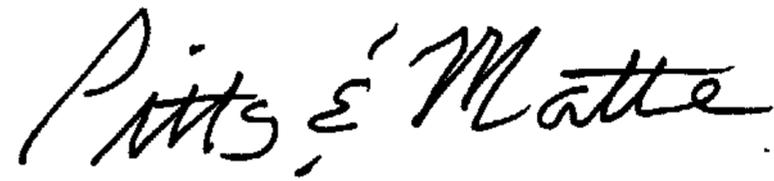
#### Internal Control Over Compliance

The management of St. Mary Parish Housing Program is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Mary Parish Housing Program's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

We noted one matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the St. Mary Parish Housing Program's ability to administer a major federal program in accordance with the applicable requirement of law, regulations, contracts and grants. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that we also considered to be material weaknesses. However, we consider the reportable condition to be material weaknesses. However, we consider the reportable condition described above, item 2002-02 to be a material weakness.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal awarding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Pitts & Matte". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2003

**ST. MARY PARISH HOUSING PROGRAM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2002

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the St. Mary Parish Housing Program.
2. Report on Compliance and Internal Control Material to the Financial Statements

Compliance

One instance of noncompliance material to the general purpose financial statements of the St. Mary Parish Housing Program was disclosed during the audit.

Internal Control

No findings were required to be reported for the year ended September 30, 2002.

3. Federal Awards

Compliance

One reportable condition disclosed during to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. This condition is reported as a material weakness.

Internal Control

The auditors' report on compliance for the major federal award programs for the St. Mary Parish housing Program expresses a qualified opinion because of failure to comply with regulations related to draw down of federal funds.

4. Audit findings relative to the major federal award program for the St. Mary Parish Housing Program are reported in Part C of this Schedule.
5. The program tested as a major program includes:  
  
Section 8 Housing Choice Vouchers, CFDA No. 14.871.
6. The threshold for distinguishing types A and B programs was \$300,000.
7. St. Mary Parish Housing Program was not determined to be a low risk auditee.

## B. FINDINGS - FINANCIAL STATEMENTS AUDIT

### 2002-01 Federal Draw Downs

#### Type of Finding: Material Weakness

Condition: In the Section 8 Housing Program, management drew down substantially more federal funds than were utilized in the near future.

Criteria: Cash management compliance requirements state that federal funds should be drawn down so as to minimize the lapse of time between receipt of federal funds and disbursement.

Effect: Noncompliance with federal cash management requirements.

Cause: Management does not monitor the cash balance closely enough to accurately anticipate future cash needs.

Recommendation: Management should improve the system used to budget its near cash flow needs and schedule draw downs to avoid lapses of time between receipt and disbursement of funds while taking into account current cash balances.

Management's Response: Management will amend its process and more regularly compare current housing assistance payments to the existing budget and make amendments where necessary, in a timely manner. Fluctuations in tenant income and program participation as well as terminations for fraud and drug related or criminal activity continue to make it difficult to monitor the housing assistance required for accurate implementation, however, management will make a more diligent effort to eliminate this deficiency.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT

2002-2 U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Vouchers  
CFDA No. 14.871

Project No. LA220VO  
Year Ending September 30, 2002

Questioned  
Costs

Type of finding: Item of Noncompliance and Material  
Weakness

Condition and Criteria: During the year, management  
drew down substantially more federal funds than were  
utilized in the near future. Federal cash management  
requirements call for a minimum lapse of time  
between receipt and disbursement of federal funds.

Effect: Noncompliance with federal cash management  
Requirements.

No  
Monetary  
Effect

Cause: Management does not monitor the cash  
balance closely enough to accurately anticipate future  
cash needs.

Recommendation: Management should improve the  
system used to budget its near cash flow needs and  
schedule draw downs to avoid lapses of time between  
receipt and disbursement of funds.

Management's Response: Management will amend its  
process and more regularly compare current housing  
assistance payments to the existing budget and make  
amendments where necessary, in a timely manner.  
Fluctuations in tenant income and program  
participation as well as terminations for fraud and  
drug related or criminal activity continue to make it  
difficult to monitor the housing assistance required for  
accurate implementation, however, management will  
make a more diligent effort to eliminate this  
deficiency.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY PARISH HOUSING PROGRAM**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL  
STATEMENTS**

**Internal Control and Compliance**

**There were no findings in the prior year.**

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

**Internal Control and Compliance**

**There were no findings in the prior year.**

# st mary parish housing office

room 107 st mary parish courthouse franklin louisiana 70538

EQUAL HOUSING  
OPPORTUNITY

March 28, 2003

Mr. Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Office of Legislative Auditors  
State of Louisiana  
P O Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

The St Mary Parish Housing Program respectfully submits the following corrective action plan for their year ended September 30, 2002.

## CORRECTIVE ACTION

Person Responsible: James L Firmin, Program Administrator  
Angela M Kraemer, Programs Manager  
St Mary Parish Government Section 8 Program  
Room 107 Parish Courthouse  
Franklin, LA 70538  
(337) 828-3986

Time for Completion: September 2003

## Items 2002-1: Federal Drawdowns:

Finding: During the year, management drew down substantially more Federal funds than were utilized in the near future.

Corrective Action: Management will amend its process and more regularly compare current housing assistance payments to the existing budget and make amendments where necessary, in a timely manner. Fluctuations in tenant income and program participation as well as terminations for fraud and drug related or criminal activity continue to make it difficult to monitor the housing assistance required for accurate implementation, however, management will make a more diligent effort to eliminate this deficiency.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action plan, contact the undersigned or my assistant Ms. Angela Kraemer.

ST MARY PARISH HOUSING OFFICE

  
James L. Firmin  
Programs Administrator

  
Angela M. Kraemer  
Programs Manager