



Issue Date	May 20, 1996
Audit Case Number	96-DE-202-1005

TO: John Dibella, Director, Office of Public Housing, 8AP

FROM: W. D. Anderson, District Inspector General for Audit, 8AGA

SUBJECT: Management of Cash Assets
Sioux Falls Housing and Redevelopment Commission
Sioux Falls, South Dakota

We have completed a limited review of management of cash assets by the Sioux Falls Housing and Redevelopment Commission located in Sioux Falls, South Dakota. The objective of our review was to follow-up on information which came to our attention regarding a cash shortage.

We found the Housing Commission's controls over cash receipts and disbursements were inadequate. From August 1990 through January 1996 the Housing Commission incurred a cash shortage of approximately \$18,000. The shortage occurred through an apparent embezzlement scheme of taking cash from Housing Commission receipts. The Housing Commission had failed to implement adequate controls and administrative safeguards over the collection and deposit of cash receipts. In particular, both functions of handling Housing Commission cash and recording cash transactions were controlled by the same Housing Commission employee.

Within 60 days, please furnish this office, for each recommendation cited in the report, a status report on: (a) the corrective action taken; (b) the proposed corrective action and the date to be completed; or (c) why action is not considered necessary. Also, please furnish us copies of any correspondence or directive issued because of this review.

We appreciate the courtesies extended to us during our review by the Office of Public Housing and the Housing Commission officials and staff. Should you have any questions, please contact Ernest Kite, Assistance District Inspector General for Audit, at (303) 672-5452.

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Executive Summary

We have completed a limited review of the Sioux Falls Housing and Redevelopment Commission to determine whether the Housing Commission had adequate controls over its cash assets. We basically reviewed the Housing Commission's records from January 1, 1995 through January 18, 1996.

We found the Housing Commission's controls over cash receipts and disbursements need to be strengthened. Approximately \$18,000 in cash receipts were misappropriated in an apparent embezzlement scheme of taking cash from Housing Commission deposits. Other deficiencies noted are: weak controls over cash disbursements; prior reliance on one employee to record, maintain and have custody of accounting records; lack of proper reconciliations of accounting records; use of an off-line accounting system for certain types of receipts; one project's financial records not included in the independent auditor's annual audit; and failure to have General Depository Agreements with all of its financial institutions.

Cash controls were inadequate

The Housing Commission's controls over its cash assets and related records need to be strengthened. This is illustrated by the fact that approximately \$18,000 in cash receipts were misappropriated in an apparent embezzlement scheme. Other cash management deficiencies are: weak controls over cash disbursements; prior reliance on one employee to record, maintain and have custody of accounting records; lack of proper reconciliations of accounting records; use of an off-line accounting system for certain types of receipts; one project's financial records not included in the independent auditor's annual audit; and failure to have General Depository Agreements with all of its financial institutions.

Proper controls over assets are required

Proper management of the Housing Commission's assets is required by the Terms and Conditions of the Consolidated Annual Contributions Contracts; Section 85.20 of Title 24 of the Code of Federal Regulations; and HUD Handbook 7510.1 Low-Rent Housing Accounting Handbook. The Single Audit Act of 1984, Office of Management and Budget Circular A-128 requires entities receiving Federal funds be audited by an independent auditor. Without proper controls over its assets, the Housing Commission is hampered in ensuring that all its funds are properly handled, deposited and recorded.

The Housing Commission has started corrective actions

At the time of our review, the Housing Commission officials had initiated corrective actions to implement better internal controls over its cash assets and disbursements. The Housing Commission will have the financial records of all projects included in independent audits; and the necessary General Depository Agreements were being executed. Recovery of the approximate \$18,000 cash shortage has been initiated.

We recommend

We are recommending that the Office of Public Housing provide technical assistance and guidance to the Housing Commission in revising its financial and management controls and procedures over its receipt and disbursement functions. Specific recommendations are provided with the findings.

Auditee Comments

The audit results were discussed with the Housing Commission officials and employees during the course of the review. The draft findings were discussed at an exit conference with Housing Commission officials on May 9, 1996. A written response was prepared by Housing Commission officials and included in this report as Appendix A. Overall, the Housing Commission officials agreed with the findings and related recommendations and have initiated corrective action.

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Introduction

The Sioux Falls Housing and Redevelopment Commission was established on December 2, 1968 to provide decent, safe and sanitary housing for families of low income. The Commission appoints a Board of Commissioners to manage the Housing Commission.

At the time of our review, the Housing Commission had the following programs: Moderate Rehabilitation, Rental Certificate, Rental Voucher, Substantial Rehabilitation, New Construction, Public Housing and an Open-Market Apartment Complex. The programs covered 1,674 units.

The Housing Commission processes its own accounting transactions using accounting software developed by RAM Enterprises of Aberdeen, South Dakota. The accounting records are maintained at its office in Sioux Falls, South Dakota.

Objective and Scope

The objective of the review was to determine whether the Housing Commission had adequate controls over its cash assets. To accomplish the audit objective, we reviewed the Housing Commission's procedures for the collection and deposit of cash receipts, processing cash disbursements, and related accounting records.

Our review basically covered the period January 1, 1995 through January 18, 1996.

During the review, we examined accounting records and other documents at the Housing Commission and HUD's Office of Public Housing. We also conducted interviews with employees of these organizations.

Because of the specific and limited scope of our review, full compliance with Generally Accepted Government Auditing Standards was not made. Our field work began on January 17, 1996, and was completed on March 22, 1996.

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Inadequate Cash Control Procedures

The Housing Commission has inadequate controls over its cash assets and related records. This is illustrated by the fact that since August 1990 the Housing Commission has incurred a cash shortage of approximately \$18,000. The funds were misappropriated in an apparent embezzlement scheme of taking cash receipts from the deposits. This deficiency was able to occur because the Housing Commission failed to implement adequate controls and administrative safeguards over cash receipts.

In addition, we found that the Housing Commission needs to strengthen its controls over cash disbursements. Incorrect Housing Assistance Payments were issued to tenants and owners. From a test of fifty-four payments between October 1, 1994 and September 30, 1995, five incorrect disbursements occurred. Further, the disbursement ledger differed from the checks written, and disbursements were made without proper approval or supporting documentation.

Proper management of the Housing Commission's assets is required by the Terms and Conditions of the Annual Contributions Contracts and Section 85.20, Title 24 of the Code of Federal Regulations; and HUD Handbook 7510.1, Low-rent Housing Accounting Handbook. Without properly implemented controls over cash, the Housing Commission is hampered in ensuring that all funds are properly handled, deposited and recorded. The Housing Commission has initiated corrective action over its cash assets and related records.

Proper controls over cash are required

Under the Terms and Conditions of the Consolidated Annual Contributions Contract, the Housing Commission is to operate its housing programs in an economic and efficient manner. Specifically, all monies received by the Housing Commission are to be deposited promptly into an account that is insured by the Federal Deposit Insurance Corporation.

Section 85.20, Title 24 of the Code of Federal Regulations details that financial administration standards for program assets are to be put into place by the Housing Commission. Accordingly, the Authority is to maintain accurate, current and complete disclosure of its financial activities. Accounting records that clearly identify the source and use of program monies are to be kept. In addition, effective controls and accountability must be established and maintained to adequately safeguard program assets and assure that they are used solely for authorized purposes. A

basic component of any internal control system is the separation of responsibility for handling and recording assets.

The Housing Commission is to follow specific accounting requirements and procedures as contained in various HUD Handbooks including Handbook 7510.1, Low-Rent Housing Accounting Handbook.

**A. INADEQUATE
CONTROLS OVER
CASH RECEIPTS**

The Housing Commission has failed to maintain the proper controls over its cash receipts. The prior comptroller had control of all aspects of depositing monies, recording the transactions, and maintaining the accounting records. There was no verification that all monies received were deposited intact and that the account records properly indicated all transactions.

Cash Shortage of \$18,000

The impact of the inadequate internal controls can be shown by the fact that the Housing Commission incurred a cash shortage of approximately \$18,000. The initial shortage began over 5 years ago in 1990.

Our review showed serious deficiencies in the Housing Commission's handling of its cash receipts. These include:

- Some receipt tickets were missing;
- Receipt tickets were removed from the Commission's office by the prior comptroller; and,
- Deposits were not deposited timely or intact.

These deficiencies can be clearly illustrated in the following sections.

Missing Receipts Previously when the Housing Commission issued a receipt, the receipt and funds were separated based on which bank account the funds were to be deposited. The Housing Commission did not account for all of the receipt tickets and the bank deposits were not reconciled to the receipts. For the period January 1, 1995 through January 18, 1996, fifty receipts were missing from the Housing Commission's files.

The prior comptroller acknowledged removing receipt tickets from the Housing Commission's office. Two hundred sixty receipts were returned by the prior comptroller and covered a period from August 30, 1990 to October 23, 1995 totalling \$17,761.05. After obtaining missing receipts from the prior comptroller and reviewing tenant accounts receivable files, 7 receipts still remained missing.

Additionally, procedures required receipts be used in numerical order. However, this did not always happen. During the test period of January 1, 1995 through January 18, 1996, entire batches or individual tickets were not used sequentially 32 times. This weakens the internal controls on cash and jeopardizes the accountability of the receipts.

Proper record keeping requires all copies of voided receipts be maintained. The Housing Commission generally maintained only the original copy of voided receipts.

Deposits were not Deposited Timely or Intact All monies received by the Housing Commission were not deposited into its bank accounts. A cash shortage of approximately \$18,000 occurred over a five year period beginning in August 1990. The funds were misappropriated in an apparent embezzlement scheme of taking cash receipts from the deposits.

At the time of the comptroller's resignation, he had control of all aspects of the depositing function. Basically, these functions included:

- Collecting receipts and monies from the staff;
- Issuing some cash receipt tickets;
- Preparing and/or controlling bank deposit slips;
- Depositing monies into the Housing Commission bank accounts; and,
- Maintaining official accounting records of all cash transactions.

Accordingly, the functions of handling cash and recording cash accounting transactions were controlled by one employee, the comptroller. This failure to have separation of duties facilitated the apparent embezzlement.

Lapping of funds collected for one project with funds from another project also occurred. Deposits slips were changed and receipt tickets were removed from the Housing Commission's office apparently to adjust for cash that was taken. The lack of reconciliations between cash received and deposited accommodated this apparent embezzlement scheme.

The Housing Commission made deposits based on the amount of funds collected for each of its banking institutions. This resulted in deposits being made in a timely manner for banking accounts with heavy activity but those with few deposits were often held for several days prior to depositing. Failure to deposit funds promptly leaves the monies susceptible to fraud and misuse. All funds, regardless of banking account, should be deposited in a timely fashion.

The Housing Commission recognizes the weaknesses in the controls of cash receipts and has begun action to make procedural changes to account for all receipts and do appropriate reconciliations.

**B. INADEQUATE CASH
DISBURSEMENT
CONTROLS**

Controls of disbursements need to be strengthened. Overpayments to owners for Housing Assistance Payments and overpayments to tenants for utility reimbursements occur due to weak disbursement controls. The disbursement ledger contained several incorrectly recorded transactions and inadequate support or approval was noted for disbursements transactions.

Extra Housing Assistance
Payments made

The Housing Commission made incorrect Housing Assistance Payments and utility reimbursements to owners and tenants. Housing Assistance Payments and utility reimbursements are processed using computer software. The software tracks tenant's contract rent, Housing Assistance Payments portions and tenant portions, accounts receivable balances, as well as changes in rent, name and address. Checks are generated via this software.

If a tenant is in the process of being re-certified for rent assistance and the processing has not been completed, the tenant and owner are placed "in abate." The software incorrectly calculates the prorated owners' Housing

Assistance Payments and the tenant's portion of the rent for those "in abate." The Housing Commission is aware of this computer glitch, and does manual verifications to identify the incorrect checks. The manual controls do not catch all of the software generated errors and overpayment checks are issued.

During the review, 54 possible problems were identified from the population of 7,713 Housing Assistance Payments made by the Housing Commission between October 1994 and September 1995. Seven incorrect payments were made. Two were recording errors. Five of the seven were overpayments for tenants and owners "in abate." Three of the five were extra utility payments, \$21.00, \$60.00 and \$39.00. Two of the five were extra Housing Assistance Payments, \$442.00 and \$426.00. Although the amounts of the overpayments are minimal, the fact that any overpayment can occur indicates the weakness in the disbursements controls.

Unlimited access to computer data

Another weakness in the disbursement procedures for Housing Assistance Payments is the ability of the Housing Commission staff to change data after the original data has been entered. For example; the Tenant Applications software module could indicate the correct Housing Assistance Payment was \$300, the tenant portion was \$200 for a total contract rent of \$500. Prior to issuing of the check, the Housing Assistance Payment amount could be changed to \$500 (or any other amount). After the check is issued, the Housing Assistance Payment amount could be changed back to \$300 causing the tenant's account receivable to be correct but the owner would have received more than the correct payment of \$300.

This scenario was not identified by the auditors as having occurred, but the possibility exists due to the control weaknesses. Safeguards, such as verification of data entry and reconciliations of Housing Assistance Payments to the database, as well as correctly used passwords, could greatly lessen the possibility of this occurring.

Incorrectly recorded disbursements

The disbursement ledger contained several incorrectly recorded transactions. From the 1,704 transactions reviewed, the following discrepancies were noted:

Finding 1

- Checks were recorded in the disbursement journal as disbursements but the checks were voided; and,
- Checks were written but were not recorded in the disbursement journal.

One cannot readily identify that cash disbursements were properly recorded. It was the practice of the prior comptroller to record transactions directly to the general ledger versus using the appropriate subsidiary ledger; in this case, the disbursement ledger.

It is important that the disbursement ledger properly reflects each and every transaction. Proper reconciliations between subsidiary ledgers and the general ledger would have identified these discrepancies and provided the Housing Commission assurance that its records were correct.

Inadequate support and no supervisory approval of some disbursements

Additionally, lack of evidence of adequate support or approval was noted for 10 of the 1,704 transactions. This lack of supervisory approval prior to issuance of the check was evidenced in a transaction whereby office supplies were ordered and "freebie" items were shipped. The "freebie" items were not located at the Housing Commission's office.

The Housing Commission is aware of the disbursement control weaknesses and is in the process of obtaining updated software and will implement password controls limiting access to the data.

Auditee Comments

The audit results were discussed with the Housing Commission officials and employees during the course of the review. The finding was discussed at an exit conference with a Housing Commission official and employee on May 9, 1996. They concurred with our finding and recommendations. Their written response, which is shown in Appendix A, indicates the willingness of the Housing Commission to continue corrective action in establishing the proper internal controls over its assets.

Recommendations

We recommend that the Rocky Mountain Office of Public Housing:

- 1A Provide the necessary guidance and assistance to the Housing Commission in establishing the necessary formal policies and controls over its cash receipts and disbursements.
- 1B Require the Housing Commission to implement the necessary changes to its operating procedures to ensure proper internal controls over cash receipts. These changes would ensure that:
- Functions of handling cash receipts are separate and apart from the functions of recording cash transactions.
 - All receipts are deposited timely and intact.
 - All receipt tickets are controlled and accounted for on a daily basis.
 - All copies of void receipt tickets are retained.
- 1C Assist the Housing Commission in establishing procedures to ensure adequate accounting reconciliations between tenants' accounts receivable and general ledger, and disbursements and general ledger are done and verified.
- 1D Provide technical assistance to the Housing Commission in modifying the existing Housing Assistance Payment software, or in obtaining revised software which properly tracks tenants and owners in the re-certification process and generates accurate payments.
- 1E Require the Housing Commission establish appropriate procedures to ensure that all disbursements have adequate support and approval.

Finding 1

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Financial Management System Needs to be Strengthened

The financial management system of the Sioux Falls Housing and Redevelopment Commission needs to be strengthened. The Housing Commission had relied on one employee to record, maintain and have custody of the accounting records; proper reconciliations between subsidiary ledgers and general ledger were not done; an off-line accounting system was used for certain types of receipts; and one project's financial records were not included in the independent auditor's annual audit. This lack of internal controls and procedures contributed to the failure to detect cash shortages for more than four years. In addition, two of the financial institutions doing business with the Housing Commission have not entered into General Depository Agreements with the Housing Commission.

Under the Terms and Conditions of the Consolidated Annual Contributions Contracts, Section 85.20, Title 24 of the Code of Federal Regulations, and the HUD Handbook 7510.1, Low-Rent Housing Accounting Handbook, the Housing Commission is required to properly manage its assets. The Single Audit Act of 1984, Office of Management and Budget Circular A-128, requires entities receiving Federal funds be audited by an independent auditor in accordance with generally accepted government auditing standards.

Proper controls over
assets are required

Proper management of the Housing Commission's assets is required by the Consolidated Annual Contributions Contract, by Section 85.20, Title 24 of the Code of Federal Regulations and by HUD Handbook 7510.1, Low-Rent Accounting Handbook.

Accounting procedures call for limited duties being vested in one employee. This separation of duties serves as a protection of employees by fixing responsibility and accountability, and also is a deterrent to possible misappropriation or diversion of cash by employees. Prudent business practices for collecting cash receipts dictates that, at a minimum, the collection and deposit of cash receipts be performed by different employees. Such separation of functions is necessary if the Housing Commission is to properly handle and account for its cash receipts and disbursements as well as to protect the integrity of its employees.

Lack of separation of duties

Weak internal controls and failure to have adequate separation of duties contributed to the failure to detect the cash shortage of approximately \$18,000. The prior comptroller had control of all aspects of the accounting function. Not only did he have complete control over the cash receipting and depositing functions (as discussed in Finding 1), he recorded accounting transactions, maintained the records, and had custody of the records.

Proper reconciliations between the subsidiary ledgers and the general ledger were not found at the Housing Commission's office. Had these reconciliations been provided to management, the discrepancies in the monies receipted and deposited would have been clearly identified. Two of the possibilities for the missing reconciliations are (1) that the prior comptroller completed the reconciliations and the discrepancies were identified, but the other staff members were not privy to the files; or (2) that the reconciliations were not done.

Separation of duties was not present in the bank reconciliations. All accounts were reconciled by the same person that was responsible for issuing checks and having custody of cash. This is a definite weakness and contrary to good cash-handling practice. Whenever possible, bank reconciliations should be prepared by employees not responsible for issuing of checks or having custody of cash and should be reviewed by an appropriate authority.

Prior to the departure of the comptroller, the deposit slips for receipted monies were generally prepared by the comptroller or another staff member, and the funds were deposited by the comptroller. Reconciliations were not done comparing the monies receipted and the monies deposited. A sampling of deposits for the period March 1995 to July 1995 indicated 8 changes to the original deposit slips. The amount listed for cash was reduced in 7 of the 8 changes.

Off-line accounting of certain receipts

The Housing Commission created an off-line accounting system to track outstanding balances for ex-tenants owing monies for overpayments and damages. Some tenants receive a greater amount of HUD rent assistance than is

warranted. This occurs for various reasons such as understating of income or overstating of dependents. Additionally, at times the Housing Commission pays owners for damages incurred and attempts to be reimbursed by the tenant. If the tenant leaves the unit prior to payment an outstanding accounts receivable balance exists.

A prior tenant cannot re-apply to get on a waiting list for rent assistance if there is an outstanding accounts receivable balance. The Housing Commission was not able to adequately track these tenants using its existing software. In 1991, the system was modified. This allowed the staff to verify if an outstanding accounts receivable balance existed during the processing of the rent assistance application.

Our detailed review of the off-line accounting files for the period October 1991 through September 1995 indicated a cash shortage of \$10,872.22. The collections were generally posted to the tenant's accounts receivable ledger causing their account balances to be correct, but the monies were not always deposited into the bank account and recognized in the general ledger.

The Housing Commission's decision to create an off-line accounting system was not in itself a problem. The need to track outstanding balances for tenant rent assistance application is necessary. However, it was partially responsible for allowing the cash shortage to go undetected. The additional reconciliation step between the balances in the general ledger and the collections and subsidiary accounts receivable ledgers was not done.

The Housing Commission recognizes this control weakness and is initiating action.

Portion of financial records not audited by Independent Auditor

Office of Management and Budget Circular A-128 sets forth the requirements and implementation of the Single Audit Act of 1984. It is required that an entity receiving Federal funds in excess of \$100,000 shall have its financial records audited by an independent auditor in accordance with generally accepted government auditing standards.

The Housing Commission is responsible for the accounting records of an apartment complex known as Greenway

Apartments. This complex of 16 handicapped units is leased by Sioux Falls Housing Corporation to Sioux Falls Environmental Access, Inc. The accounting records for Greenway Apartments maintained by the Housing Commission are inadequate. They are not formalized into general ledger, financial statements, etc. The accounting is done using three accounting systems which are not inter-related and reconciliations between the systems are not done. The financial audit for Sioux Falls Housing and Redevelopment Commission did not include the financial records for Greenway Apartments.

This weakness is clearly indicated by the cash shortage which took place in the Greenway Apartment receipts. Between October 1993 and December 1995 a cash shortage of \$7,379.04 between the amounts posted to the tenants' accounts receivable and the deposits into the bank occurred.

The Housing Commission is aware of the deficiencies in Greenway Apartment's financial records and has initiated corrective action.

Missing General
Depository Agreements

The Consolidated Annual Contributions Contracts require the Housing Commission to have General Depository Agreements with each financial institution having HUD program monies deposited. The Housing Commission was unable to locate the General Depository Agreements for two of its four banks.

The Housing Commission is currently in the process of correcting this violation by obtaining the necessary Agreements.

SUMMARY

In summary, a sound system of financial management controls is necessary to minimize the potential for misuse of funds, such as the \$18,000 cash shortage. Proper controls will also help to ensure that assets are safeguarded and timely, accurate and complete information is available for management decision making.

Auditee Comments

The audit finding was discussed with an official and employee of the Housing Commission at an exit conference

on May 9, 1996. The Housing Commission concurred with our finding and recommendations. Its written response, which is included as Appendix A, indicates the Housing Commission has initiated, or is willing to initiate, corrective action in establishing the proper financial management controls.

Recommendations

We recommend the Rocky Mountain Office of Public Housing:

2A Provide the necessary guidance and assistance to the Housing Commission in establishing the necessary controls over the books and accounts.

2B Provide assistance to the Housing Commission in implementing the appropriate separation of duties.

2C Require the Housing Commission establish adequate financial management controls that encompass the following:

- Prompt reconciliation of receipts to deposits, preferably by someone who does not handle or record cash receipts or prepare deposits.
- Maintenance of subsidiary ledgers for accounts receivable and disbursements, and regular reconciliation of the subsidiary ledgers to the general ledger, preferably by someone who does not post to the subsidiary ledgers.
- Supervisory review and approval of above mentioned reconciliations.
- Documented supervisory review of cash disbursements to ensure that all disbursements are for authorized expenses.

2D Provide assistance to the Housing Commission in implementing the necessary reconciliations between

the off-line accounting system and the Housing Commission's official on-line accounting system.

- 2E Require the financial records maintained by the Housing Authority for the Greenway Apartments be audited in accordance with the Single Audit Act of 1984.
- 2F Require the Housing Commission to execute the appropriate General Depository Agreements with all of its financial institutions.
- 2G Verify, after the recommendations have been implemented, that the Housing Commission has established the proper controls and separation of duties over its cash assets and related accounting functions.

Internal Controls

Our review of the internal controls of the Housing Commission was limited to the controls over the Housing Commission's cash assets. For the items tested, we found internal control weaknesses as described in the Executive Summary and Findings.

In planning and performing our review, we considered the internal controls in place over the Housing Commission's activities in order to determine our auditing procedures and not to provide assurance on internal controls.

Internal controls are management's adopted plan, methods and procedures to assure resources are used consistent with the laws, regulations, and policies; that the resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in the reports.

Internal Controls Assessed

Controls to safeguard and assure reliable accounting of the Housing Commission's cash assets were relevant to our objective and were assessed during our review. Based upon our assessment of the controls, we determined that there were significant weaknesses that needed to be addressed.

A significant weakness exists if internal controls do not give reasonable assurance that resources are used consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in the financial statements and reports.

Assessment Procedures

The following audit procedures were used to evaluate internal controls:

- Interviews with Housing Commission officials and staff, and review of files maintained at the Housing Commission;
- Tests and evaluation of the Housing Commission's procedures for cash receipts and disbursements; and
- Review of the accounting records maintained by the Housing Commission relating to the collection and deposit of cash receipts and to the disbursements of funds.

Significant Weaknesses

We identified significant internal control weaknesses in the following areas:

- Safeguards were not in place to protect the Housing Commission's assets against waste, loss, and misuse;
- The Housing Commission did not have appropriate separation of duties for recording, maintaining and custody of the accounting records;
- The cash receipts were not deposited intact;
- Improper disbursements occurred due to weak controls over the disbursement function; and
- Some of the Housing Commission's bank accounts were not covered by General Depositary Agreements.

Follow Up On Prior Audits

This is the first Office of Inspector General audit of the Sioux Falls Housing and Redevelopment Commission located in Sioux Falls, South Dakota.

Auditee Comments

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