

HOUSING AUTHORITY OF BASILE



INVESTIGATIVE AUDIT
ISSUED JULY 23, 2014

**LOUISIANA LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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DARYL G. PURPERA, CPA, CFE

**DIRECTOR OF INVESTIGATIVE AUDIT
AND ADVISORY SERVICES**
ROGER W. HARRIS, J.D., CCEP

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 23, 2014

**MS. BRENDA CEASER, VICE CHAIRWOMAN,
AND BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF BASILE**
Basile, Louisiana

We have audited certain transactions of the Housing Authority of Basile. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of allegations we received.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

The accompanying report presents our findings and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the Thirteenth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive, flowing style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

HAB 2014

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EXECUTIVE SUMMARY

Misappropriation of Tenant Fees

Based on interviews and available documentation, from January 2011 through December 2013, Ms. Anisa Richardson, the executive director of the Housing Authority of Basile (HAB), misappropriated at least \$7,698 in tenant fees for her personal use. To account for the funds she used, Ms. Richardson generally issued receipts to the tenants for their payments and recorded the payments in the HAB's accounting system. By using public funds for personal purposes, then recording the funds as collected in the accounting system, Ms. Richardson may have violated state laws.^{1,2,3}

BACKGROUND AND METHODOLOGY

The Housing Authority of Basile (HAB) was created by Louisiana Revised Statute 40:391 to engage in the acquisition, development, and administration of a low rent housing program to provide safe, sanitary, and affordable housing to the citizens of Basile, Louisiana.

The HAB is governed by a five-member board appointed by the Mayor of the Town of Basile. Members of the board serve five-year terms. Ms. Jane Richard served as executive director from 1993 until her retirement in October 2013. Ms. Anisa Richardson served as the assistant executive director from June 2009 until the retirement of Ms. Richard, at which time she was promoted to her current position of executive director.

This audit resulted from a finding in the HAB's December 31, 2012 annual audit report. According to that report, some revenues collected from tenant rent payments were not deposited into HAB's bank account.

The procedures performed during this audit consisted of:

- (1) interviewing HAB staff;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records;
- (4) gathering documents from external parties; and
- (5) reviewing applicable state laws and regulations.

FINDING AND RECOMMENDATIONS

Misappropriation of Tenant Fees

Based on interviews and available documentation, from January 2011 through December 2013, Ms. Anisa Richardson, the executive director of the Housing Authority of Basile (HAB), misappropriated at least \$7,698 in tenant fees for her personal use. To account for the funds she used, Ms. Richardson generally issued receipts to the tenants for their payments and recorded the payments in the HAB's accounting system. By using public funds for personal purposes, then recording the funds as collected in the accounting system, Ms. Richardson may have violated state laws.^{1,2,3}

According to Ms. Richardson, HAB's policy and practice is to only accept money orders from tenants for payment of rent and other fees,^A and after payment is received, tenants are issued a signed payment receipt. Ms. Richardson stated that once money orders are received, they are placed in a bank bag and locked in a filing cabinet until a deposit is made, usually within 24 hours. At the end of each month, the written receipts are posted to the rental register. Ms. Jane Richard and Ms. Richardson stated that the duties of collecting rent, writing receipts, posting to the register, and making deposits were both their responsibilities.

Based on a review of HAB documents, between January 1, 2011 and December 31, 2013, receipts totaling \$133,524 were written to tenants for rental and miscellaneous fees. To determine if all funds collected were deposited into the HAB's bank account, we reconciled the written receipts to bank deposit slips. Based on this reconciliation, \$126,295 of tenant fees were deposited, leaving a shortage of \$7,229.

With assistance from the United States Department of Housing and Urban Development - Office of Inspector General, we were able to obtain several of the negotiated money orders that tenants purchased for rental and miscellaneous fees. A further examination of HAB's records revealed that money order identification numbers were written on receipts given to the tenants; therefore, we were able to match the receipts to all but four money orders. The four money orders totaled \$469 and were not included in receipts and bank deposits. The amount of funds not deposited into the HAB's bank account totaled at least \$7,698.

Of the \$7,698 in misappropriated funds, we received money orders totaling \$2,771 (36%). These money orders were payable to Ms. Richardson and negotiated by her. As of this report, we have not received the remaining negotiated money orders. In addition, all money orders written to and negotiated by Ms. Richardson indicated the payers were HAB tenants.

^A Fees for items such as air filters, which cost a tenant \$2, are occasionally collected in cash. This is a convenience extended to tenants as a way of purchasing incidental items after rental payments are collected; otherwise, money orders are used for rental payments and incidental items.

Finally, \$2,302^B of the \$2,771 in money orders matched receipts that Ms. Richardson wrote and postings that she entered into the rental register.

On June 3, 2014, we met with Ms. Richardson to discuss the misappropriated funds. In that meeting, Ms. Richardson stated that she took \$6,400^C in tenants' money orders to pay for her personal expenses. In addition, she stated that she repaid between \$500 and \$600 of the misappropriated funds. A review of the bank records indicates that on February 11 and 13, 2013, Ms. Richardson made two cash deposits totaling \$669. According to HAB receipts, five money orders totaling \$669 were collected in December 2012, but not deposited. On June 19, 2013, after being confronted by board members about missing funds, she made another deposit of \$100. Therefore, it appears that Mrs. Richardson has repaid \$769 of the misappropriated funds leaving a minimum balance owed to the HAB of \$6,929.

We recommend that the HAB Board seek restitution of the remaining misappropriated funds and reconcile, on a periodic basis, tenant receipts to the rent register and bank deposits.

^B In addition to not having corresponding receipts, the four money orders totaling \$469 were not recorded in the rental register.

^C This was an estimated amount. Mrs. Richardson could not remember the exact dollar amount she used for personal purposes.

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (La. R.S.) 14:67** provides, in part, that “Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations....”

² **La. R.S. 14:70** provides, in part, that “False accounting is the intentional rendering of a financial statement of account which is known by the offender to be false...”

³ **La. R.S. 14:133 (A)(3)** provides, in part, that “ Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (3) Any document containing a false statement or false representation of a material fact.

APPENDIX A

Management's Response

Basile Housing Authority

P.O. Box 820 • 2307 West Second Street
Basile, LA 70515
Ph.: (337) 432-5423 • Fax: (337) 432-5840

2014 JUL 10 AM 10:5

E-Mail: city110@centurytel.net

July 8, 2014

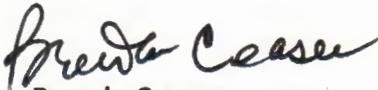
Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Purpera

After reviewing your report the Board of Commissioners has decided to work closely with Housing Authority by being more involved. Supervision will be made more effectively and all work must be approved by a member of the Board of Commissioners before being turned in. Restitution has been made in the amount of \$3400.00, with an agreement to continue to pay until paid in full. In addition, she will be asked to resign from her position.

Should you have any questions, please feel free to contact our office (337) 432-5423. We appreciate your patience in this matter by allowing us to take care of this situation.

Sincerely



Brenda Ceaser
Basile Housing Authority
Chairman of the Board

POSTAL SERVICE

Serial Number 221631023A1
Post Office 706480
U.S. Dollars and Cents \$1000.00

Pay to Basic Housing Authority
Date 2014-07-08
Amount ONE THOUSAND DOLLARS & 00C *****

Address Anisa Richardson
City 0002
Post Office 706480
U.S. Dollars and Cents \$1000.00

UNITED STATES POSTAL SERVICE
POSTAL MONEY ORDER
Serial Number 2216310237D
Pay Month Day 2014-07-08
Post Office 706480
U.S. Dollars and Cents \$1000.00

Pay to Basic Housing Authority
Date 2014-07-08
Amount ONE THOUSAND DOLLARS & 00C *****

Address Anisa Richardson
City 0002
Post Office 706480
U.S. Dollars and Cents \$1000.00

UNITED STATES POSTAL SERVICE
POSTAL MONEY ORDER
Serial Number 2216310236B
Pay Month Day 2014-07-08
Post Office 706480
U.S. Dollars and Cents \$1000.00

Pay to Basic Housing Authority
Date 2014-07-08
Amount ONE THOUSAND DOLLARS & 00C *****

Address Anisa Richardson
City 0002
Post Office 706480
U.S. Dollars and Cents \$1000.00

UNITED STATES POSTAL SERVICE
POSTAL MONEY ORDER
Serial Number 2216310236B
Pay Month Day 2014-07-08
Post Office 706480
U.S. Dollars and Cents \$1000.00



UNITED STATES
POSTAL SERVICE

POSTAL MONEY ORDER

Serial Number

22163102392

Year, Month, Day

2014-07-08

Post Office

706480

U.S. Dollars and Cents

\$400.00

Amount FOUR HUNDRED DOLLARS & 00/100 *****

Pay to *Basle Housing Authority*

Check

6662

Address

from *Anisa Richardson*

Address



Memo

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SEE REVERSE

!00000800 2!

22163102392*

HOUSING AUTHORITY OF THE TOWN OF BASILE

002400

P.O. BOX 820
BASILE, LOUISIANA 70515

RECEIVED FROM Anisa Richardson DATE 7/8/2014
DOLLARS \$ 3,400.00
FOR _____

Amount of Account \$ _____
Amount Paid \$ 3,400.00
Balance Due \$ _____
Cash Check M.O.

THANK YOU

By Brenda L. Leaser

Reorder From Wood Printing Co. (800) 327-4892

BR: 2 TLR
DQA DEPOSIT 14 TRN
ED: 7/10/2014 1415132 45
ACCOUNT: [REDACTED] /10/2014
AMOUNT: 3,400.00
THANK YOU FOR BANKING WITH US

