



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

ARCADIA HOUSING AUTHORITY

**Report by
Whitman J. Kling, Jr.**

**Prepared for
Governor Kathleen Babineaux Blanco**

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Arcadia Housing Authority

Report by

 Whitman J. Kling, Jr.

Approved by


Governor Kathleen Babineaux Blanco
2/23/05

November 12, 2004

File No. 1-04-0055

Arcadia Housing Authority

The Board of Commissioners of the Arcadia Housing Authority failed to provide adequate financial safeguards or ensure employee compliance with controlling statutes. As a result:

- A conflict of interest occurred when Linda Lewis, who held a position as a commissioner while simultaneously employed by the Authority, voted on a motion to increase, by \$10,000, the annual salary of Patsy Roberson, the Authority's executive director. Ms. Roberson was Ms. Lewis' immediate supervisor at the time of the vote. This conflict may be in violation of the state Code of Ethics.
- Executive Director Roberson improperly used an Authority truck for personal use.
- Ms. Roberson failed to follow state law requiring that all public vehicles bear a public license plate and be conspicuously marked with the name of the agency. The Authority has purchased four vehicles since 1997, and none had public license plates and decals until June, 2004.
- A comparison of the Authority's travel reimbursement practices to the state travel regulations shows expenses paid to Authority employees were excessive.

Our review encompassed activities from July 1, 2002, through June 30, 2004. Within this period, the Legislative Auditor conducted a limited review of the Authority's financial records. In a management letter dated Jan. 21, 2004, the Legislative Auditor cited the Authority for its lack of policies and procedures in numerous areas of operation, and noncompliance with payroll and attendance record keeping. Our audit commenced six months after that letter, with our review revealing that there was still an absence of policies and procedures over key areas of operations.

Background

The Arcadia Housing Authority was organized May 1, 1952, and is controlled by the Housing Authority law, LSA-R.S. 40:381, et seq. The Authority is located in Arcadia, a town with a population of 3,400 residents, within Bienville Parish.

The Authority is an agent of the U.S. Department of Housing and Urban Development (HUD), established to provide subsidized housing to low-to-moderate income residents. All administrative and operating costs are funded through HUD subsidies and grants, and tenant rent collections, with the Authority receiving no state funding.

Five commissioners are appointed to the Authority by the mayor of Arcadia; the chairman is elected annually by the commissioners, and Board meetings are held once a month. HUD guidelines provide that commissioners carry out their duties and functions at those meetings, by setting policy and procedures governing the operations and resources of the Authority and monitoring their implementation. R.S. 40:489 requires the Authority to conduct its financial affairs in a prudent and sound manner.

The Authority employs a staff of six, which includes an executive director, a full-time and a part-time clerical worker, and two full-time and one part-time maintenance workers. The executive director is responsible for day-to-day operations and also serves as the Board's secretary.

The staff of the Authority are state employees. The executive director is an unclassified civil servant and all other employees are designated as classified civil servants.

Ethics Issues

A conflict of interest occurred when Chairman Linda Lewis, who held a position as a commissioner while simultaneously employed by the Authority, voted on a motion to increase, by \$10,000, the annual salary of Executive Director Patsy Roberson. Ms. Roberson was Ms. Lewis' immediate supervisor at the time of the vote. This conflict may be in violation of the state Code of Ethics.

A conflict of interest is any relationship that is, or appears to be, not in the best interest of the organization. R.S. 42:1112 prohibits public servants from participating in certain transactions where the public servant has a personal substantial economic interest.

The Authority's personnel files do not contain documentation that precisely identifies Ms. Lewis' employment date. However, according to Ms. Roberson, Ms. Lewis began working at the Authority as a part-time unclassified state employee on Jan. 1, 1999. An undated employment contract with Ms. Lewis, signed by Ms. Roberson, stipulated that Ms. Lewis would provide resident worker services for 8 hours a week at \$6.00 per hour, with raises each year as other employees receive.

While still an employee, Ms. Lewis was appointed to serve as a member of the Board on Feb. 27, 2001, by then Mayor Peggy Gantt. Minutes from a special Board meeting held on Sept. 30, 2002, indicate that Ms. Lewis began serving as chairman of the Board Oct. 1, 2002.

Ms. Lewis, in her capacity as a commissioner, was responsible for ensuring that broad policies are set such as for budget and personnel.

Executive Director Roberson hired Ms. Lewis, and is responsible for evaluating her work, granting pay raises and disciplining her.

At a special Board meeting on Oct. 23, 2002, Chairman Lewis voted along with two other Board members to approve the salary increase for Ms. Roberson. Because Ms. Lewis was both an employee and a commissioner, there is the appearance that her vote was impaired and the best interest of the Authority may not have been realized.

Ms. Lewis resigned her appointment as commissioner at the onset of this audit on June 14, 2004. She continues her employment with the Authority.

Improper Use of Authority Resources

Executive Director Roberson improperly used an Authority truck for personal use.

Ms. Roberson has been employed by the Authority as the executive director since November, 1992. The Authority adopted a policy authorizing the home storage of agency vehicles for her and one maintenance staffer for off-hours maintenance calls. Ms. Roberson explained that this policy helped decrease response time for after-hours maintenance calls by eliminating the drive back to the warehouse or office to retrieve an agency vehicle for use on those calls.

Contrary to this policy, Ms. Roberson admitted using a 2002 Ford pickup truck for personal reasons during a two-year period from February, 2002, until February, 2004. Ms. Roberson stated she had home storage of the pickup and continued using it for personal transportation from when it was purchased, until she purchased her own vehicle in February, 2004.

During this time period, Ms. Roberson stated that she used the truck for some official duties such as administrative errands, after-hours calls, and statewide training. Records indicate Ms. Roberson traveled an average of once a month for training purposes to either Monroe, Alexandria, Lake Charles, Lafayette, Baton Rouge, or New Orleans.

The truck odometer showed that the vehicle was used for over 43,000 miles during that two-year period, which is an average of 21,500 miles a year. Ms. Roberson could not identify her personal mileage from official mileage because the Authority does not require the maintenance of a daily vehicle log which would have documented usage.

On a daily basis, using the vehicle in an official capacity, Ms. Roberson's local travel could cover a radius of approximately two miles, with the geographic size of the town being no larger than four miles. All the Authority's housing units are located within town boundaries. Her personal residence is located approximately one mile from the administrative office.

Approximating her out of town travel for training, and the close proximity of her residence to the office, housing units, and local businesses patronized by the Authority, it is clear that her mileage for personal use exceeded her official travel mileage. Gasoline for the truck was purchased with Authority funds, and totaled at least \$3,620, which also can be identified as being used more for personal use than official.

Ms. Roberson did advise that a clerical employee used the 2002 truck. However, this employee did not have home storage authority for the truck, and, his usage was limited to office hours.

Ms. Roberson also admitted to using a 1997 Ford van for personal use.

The above conditions were possible due to the Board's failure to set and monitor a formal vehicle policy which outlines both permissible and prohibited uses, as well as procedures for documenting daily vehicle usage. Four of the five commissioners acknowledged that they were aware Ms. Roberson was using the truck for personal use. However, those commissioners failed to take any action to protect the Authority's resources.

At the onset of the audit in June, 2004, the Board took corrective action by adopting a vehicle policy. However, the policy is inadequate because it does not have a provision for documenting vehicle usage and its language does not sufficiently prohibit personal use of all Authority vehicles.

Public Licenses and Decals

Ms. Roberson failed to follow state law requiring all public vehicles bear a public license plate and be conspicuously marked with the name of the agency.

R.S. 49:121(A) provides the requirements for license plates and decals for public vehicles. Section D of this statute places the responsibility for affixing the agency name on the vehicles upon the individual ordering the vehicle. Ms. Roberson's duties include ordering and purchasing the Authority's vehicles.

Between March, 1997 and May, 2004, the Authority purchased four new vehicles; a Ford mini-van in 1997; and Ford pickup trucks in 1999, 2002, and 2004. Two of these four vehicles were used at different times as personal transportation by Ms. Roberson. During this seven-year period, the vehicles were not in compliance with state law until public license plates and proper decals were affixed in June, 2004.

Ms. Roberson stated she did not know she was required to put public plates and decals on the vehicles. At the conclusion of this audit, all of the vehicles registered to the Authority were properly licensed and marked.

Travel Reimbursements

A comparison of the Authority's travel reimbursement practices to state travel regulations shows expenses paid to Authority employees were excessive.

Prudent business practices dictate that expenditure of public funds be controlled through clearly defined policies and procedures. Policy and Procedures Memorandum 49, (PPM 49), the state general travel regulations, define the various classes of traveling expenses and establishes the maximum amount allowable for those expenses. This provides for an efficient administration of public resources.

Authority employees routinely travel to in-state training conferences and incur expenses for hotels, meals, mileage, and other travel related categories. Ms. Roberson is responsible for authorizing all travel reimbursements to employees, including herself. Ms. Roberson has the freedom to decide how much is paid for hotels, and uses a resolution from another housing authority as her basis for reimbursing mileage rates and meal allowances. According to Ms. Roberson, the Authority has not adopted a formal travel policy which describes what she should reimburse and the maximum amounts allowed. This type of management behavior creates a environment for excessiveness, waste and abuse.

Travel reimbursements for Authority employees were reviewed and compared to reimbursement rates of PPM 49. For the audit period, records showed that on eight occasions payments for conference hotel accommodations for Authority employees exceeded rates allowed by PPM 49. The excesses ranged from as little as \$4 per night to as much as \$80 per night.

For example, during Feb. 20-21, 2003, Ms. Roberson paid for a two-night stay at the Sheraton Convention Center in Baton Rouge, La., for a housing authority conference. The PPM 49 conference lodging rate for Baton Rouge is \$75 a night, however, Ms. Roberson paid a rate of \$155 a night, exceeding the PPM 49 rate by \$80. Also, during this same stay, Ms. Roberson ordered an in-room movie costing \$10.89, which was paid for by the Authority. Payment for the movie would be prohibited under PPM 49 because this expense is not defined within the performance of a public purpose or duty.

Ms. Roberson had been reimbursing employees for business use of their personal vehicles at rates of 34 and 36 cents per mile, which exceeded the rate of 32 cents per mile that all other state employees received at that time.

During the audit period, PPM 49 provided that state employees receive reimbursement of \$26 a day for in-state meals, with the exception of when traveling in New Orleans, which allowed for meal reimbursements up to \$29 a day. A review of the Authority's travel reimbursements for meals revealed that meal allowances exceeded the PPM 49 daily rates. Ms. Roberson stated that she has been authorizing up to \$42 a day for three meals.

The Board failed to set and monitor a travel policy containing provisions for efficient administration of resources and protection of those resources from excessiveness, waste and abuse. At the onset of this audit, the Board adopted PPM 49 as its travel policy.

Conclusions:

1. The Board failed to create policies and procedures which would ensure the Authority's financial affairs were conducted in accordance with sound and prudent business practices, and that applicable laws were complied with by employees.
2. Chairman Lewis may have violated the state Code of Ethics when she simultaneously held positions as commissioner and Authority employee. A conflict of interest occurred when Chairman Lewis voted on a motion granting a \$10,000 annual salary increase to Executive Director Roberson.
3. Ms. Roberson improperly used the Authority's 2002 Ford pickup for her personal use.
4. Ms. Roberson failed to follow state law requiring the placement of public license plates and decals on Authority vehicles.
5. The Authority's travel reimbursements were excessive when compared to the rates as listed in the state travel regulations.

Recommendations:

1. The Board should exercise its fiduciary duties by creating adequate policies and procedures over its operations to ensure responsible fiscal management of public resources by employees. Such policies and procedures would allow Board members to meet their obligations to protect funds, property, and other things of value, and not misappropriate, misuse, or misapply those resources under their custody and control.
2. This report should be submitted to the Board of Ethics and other appropriate authorities for review.
3. The Board should assess Ms. Roberson's conduct and take the appropriate action.

Management Response:

The Chairman of the Board of Commissioners for the Arcadia Housing Authority declined to respond to this report. The responses from Patsy Roberson and Linda Lewis are attached.

IG Comment:

In Ms. Roberson's response to this report, she stated that the Arcadia Housing Authority was using travel reimbursement rates in line with those of other housing authorities and she was unaware that the Authority should have used the state travel policy.

As highlighted in this report, we do not state that the Authority was required to follow state travel regulations. We compared the Authority's travel practices to PPM 49, the state general travel regulations, and found the expenses paid to Authority employees were excessive when compared to rates that other state employees receive.

State of Louisiana
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224 Florida Street, Suite 303
Baton Rouge, Louisiana 70804-9095

Ken Alvarez
State Audit Acting Director

File No. 1-04-0055

This is a response to the recent review of specific activities of the Arcadia Housing Authority.

The Department of Housing and Urban Development requires that a resident be appointed to the Board of Commissioners of Housing Authorities. Ms. Lewis who is a resident became employed by the Housing Authority with a grant from the Department of Housing and Urban Development in 1994 and was very active in Housing Authority activities and when the time came to make an appointment we were told by other Housing Authority Directors that she could work for the agency part time and serve as a resident Commissioner. If this is a violation we were not aware of it. Ms Lewis worked 8 hrs a week with the Girl Scouts and other resident programs, and continued to do so until a full time resident coordinator position came available in June 2004 and Ms. Lewis resigned from the board.

Currently in Louisiana Commissioners are paid while serving on the board, residents are paid to serve on advisory boards and resident Commissioners receive a stipend to serve on the board. If this was a conflict of interest, other Housing Authorities have people in the same position. We were not aware that this was a conflict. Ms. Lewis worked here before she was appointed to the board, and after. Also is the vote for a salary increase for the Director the only incident that would be a conflict of interest or were all votes that involve raises, which included the Director, over the period of her employment and serving as a Commissioner be a conflict of interest. A properly notified meeting, with a quorum was conducted, unknown to us that there may be a conflict of interest with Ms. Lewis vote. The Ethics Board has contacted the Housing Authority and is looking into the matter.

The use of Authority vehicles is an area where there is room for contradiction. While the vehicles were used for some personal business the scope of when it was used I don't fill was fully explored by Ms. Williams. The vehicle was used for all trips to purchase office supplies, maintenance supplies and trips for Girl Scouts which was made possible by a Drug Elimination Grant. All purchases of paper, computer products, maintenance supplies were made by the Director in Ruston, Monroe and Shreveport, La., also all trips with the Girl Scout program were accompanied by the Director in the vehicles. The Director was not the only person to use both vehicles. There was more travel in the vehicles than monthly training and travel around the developments and a clear picture of the mileage can not be

accurately presented. A vehicle policy of when company vehicles should be taken home is in place at this time and a mileage log given to us by Ms. Williams is also being used.

The license plates and decals was an over site by me. I was not aware that this violated any law. All vehicles are properly tagged.

The travel policy of this agency at the time of this report was reflective of a neighboring agency. I was unaware that we should use the state travel policy. Housing Authorities across the state are not using the state travel policy but are using per diems and the Housing Authority was using a rate in line with other Housing Authorities. The state Travel Policy has since been adopted. Also reimbursement for mileage was always done at the federal rate at the time of travel. Travel to conferences are usually set up at hotels that set a conference rate for the Louisiana Housing Council and we pay whatever that cost is. During Ms. Williams visit I learned that hotels should give us the state rate. Also the Sheraton Hotel in Baton Rouge is the hotel the Louisiana Housing Council uses for all meetings in Baton Rouge, Louisiana. The conference rate for the last meeting was 139.00 per night for a single room. On this occasion, my assistant and I attended the conference and the rate of \$139.00 was only given for one room, therefore the standard rate of 155.00 was charged for the other room. Also the movie that was charged to the Authority was also charged to me and we tried to get it cleared.

There exists a gray area of what Housing Authorities are suppose to do, whether we are a state agency that follow state rules or whether we are to follow federal rules. It is just in the last few months that Housing Authorities are learning what is expected of them from the state and federal level. The Arcadia Housing Authority has implemented new policies and procedures outlined by the Legislative Auditor and Ms. Williams. I do fill the agency has corrected many of the findings outlined to the agency. May I also add while I do fill that the visit by Ms Williams served a purpose, these are practices that are not only being done by this agency but by other agencies not only Housing Authorities but other municipalities in and around the area because we do not know what is expected of our agencies. We do appreciate all the help that Ms Williams gave the agency during her visit.

Sincerely,

A handwritten signature in cursive script that reads "Patsy Roberson". The signature is written in dark ink and is positioned above the typed name.

Patsy Roberson, Director
Arcadia Housing Authority

November 12, 2004
To: Paula Williams
State of Louisiana
Office of Inspector General
RE: Audit Response

As a resident of the Arcadia Housing Authority, I became employed with the agency through a Drug Elimination Grant which offered a tutoring and mentoring program to the youth in the housing authority. When this grant ended, other grant money was received and I became employed 8 hours a week to work with the Girl Scout Program and other resident programs.

When time came for a resident commissioner to be appointed to the board, I was chosen due to my involvement with the residents. At no time did I realize that my 8 hours a week job might be a conflict of interest.

The raise that was given to the director was voted on by a quorum at a called meeting. At no time did I feel pressure from the director to vote for the raise. Mr. Leroy Blow did a study of other agencies our size, and the raise was in line with other agencies.

I resigned my position as commissioner because it was my understanding that I could work part time but not full time and serve on the board. When the Community Center opened for its summer program in June, my hours increased to 32 hours a week, and I resigned my position. If I had known there might have been a conflict, I would have resigned much earlier. I did not appoint myself to the board, but I served to the best of my abilities. I did not make myself chairman, the other board members voted me chairman, because no one else wanted the position.

Sincerely,
Linda Lewis

