

CHARLEVOIX HOUSING COMMISSION

210 WEST GARFIELD ST.

CHARLEVOIX, MICHIGAN 49720



PROJECT
PINE RIVER PLACE

SPECIAL MEETING CHARLEVOIX HOUSING COMMISSION

TUESDAY, MARCH 31, 2015
2:00 P.M.

PINE RIVER PLACE COMMUNITY ROOM

AGENDA:

Call to Order/Roll Call

New Business: Fiscal Policy
 Check Signers
 Calculating Property Assets Policy
 Researching Options for Executive Director Position
 Administrative Assistant Position

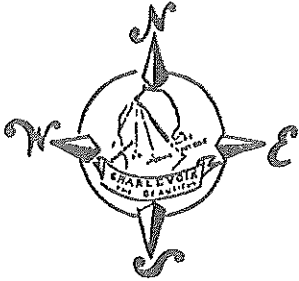
Public Comment:

Adjournment

(portions of this meeting may be in closed session)

CHARLEVOIX HOUSING COMMISSION

210 WEST GARFIELD ST.
CHARLEVOIX, MICHIGAN 49720



PROJECT
PINE RIVER PLACE

FISCAL POLICY

This Policy shall address the basic fiscal requirements for conducting the business of the Charlevoix Housing Commission. Specific practices will be included in separate procedures.

Bank accounts will be maintained as necessary for collecting rent, investments and paying salaries, wages and other invoices. The director is responsible for initiating any new accounts, closing unnecessary accounts, tracking existing accounts regularly and reporting the status of accounts to the board each month. A depository agreement will be maintained on file for each institution with which the housing commission has an account. Loans or other forms of indebtedness or obligation in the name of the housing commission will not be entered into without a resolution from the board.

Rent and other receipts shall be collected in the form of checks, money orders or electronic transfer. Use of currency/coin is strongly discouraged but may be collected for small amounts (less than \$10.00) when a check or money order is not practical. Any receipts collected will be controlled as required by procedure and deposited in the appropriate account as soon as practical, normally once a day.

The payroll function will be performed by an outside vendor. This includes payroll checks, federal and state tax withholdings and tax forms. Invoices and other obligations shall be paid with custom serialized housing commission checks or electronic transfer. The Executive Director will prepare the checks. Checks will have two signatures and they will both be Charlevoix Housing Commission Board members. The supporting data for each check shall be available for the signers to review at the time of signing. Invoices for \$5,000 or greater shall have board approval prior to being paid. Normally this will be accomplished at regular meetings as part of the bill approval process but may be handled by phone call, if necessary.

The incumbents in a position authorized to sign checks shall be covered by a blanket bond in the amount of \$100,000.

The director shall utilize the services of a fee account to track the financial activities of the housing commission and report to the commission on an annual basis the status of accounts. The fee accountant with the assistance of the director shall prepare a budget for the board to review and approve for the upcoming fiscal year. Monthly reports shall also be presented to show progress compared to the board approved budget.

The director shall annually schedule a financial audit of the housing commission financials for the preceding fiscal year. This will normally be done following the preparation of the yearend report. Upon completion, the audit report will be presented to the board.

Implemented: _____
President, Charlevoix Housing Commission Date

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Wages, salaries, invoices and other obligations shall be paid with custom serialized housing commission checks or electronic transfer. Checks will normally be signed by the executive director and a board member. In the absence of the director, the administrative assistant or other designated staff may sign in place of the director. The supporting data for each check shall be available for the signer to review at the time of signing. Invoices for \$5,000 or greater shall have board approval prior to being paid. Normally this will be accomplished at regular meetings as part of the bill approval process but may be handled by phone call, if necessary.

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Implemented: *Sullivan Left*
President, Charlevoix Housing Commission

6-17-14
Date

Proposed changes to Fiscal Policy paragraph four.

The purpose of the proposed changes is to modify the policy to improve internal controls as per the auditor's recommendations to "segregate the preparation of checks from a check signer" and "that an outside vendor prepare the payroll checks and the payroll tax forms".

Change #1

Addition:

"The payroll function will be performed by an outside vendor. This includes payroll checks, federal and state tax withholdings and tax forms."

Change #2

Current Wording:

"Wages, salaries, invoices and other obligations shall be paid with custom serialized housing commission checks or electronic transfer."

Proposed Change:

Remove the words "Wages, salaries," to read as "Invoices and other obligations shall be paid with custom serialized housing commission checks or electronic transfer."

Change #3

Addition:

The Executive Director will prepare the checks.

Change #4

Current Wording:

"Checks will normally be signed by the executive director and a board member."

Proposed Change:

"Checks will have two signatures and they will both be Charlevoix Housing Commission Board members."

Proposed changes to Fiscal Policy paragraph four.

Change #5

Current Wording:

"In the absence of the director, the administrative assistant or other designated staff may sign in place of the director."

Proposed Change:

Remove entire sentence.

Change #6

Current Wording:

"The supporting data for each check shall be available for the signer to review at the time of signing."

Proposed Change:

Add the letter "s" to the word signer to indicate two check signers:

"The supporting data for each check shall be available for the signers to review at the time of signing."

Calculating Property Assets Policy

The Charlevoix Housing Commission, while determining eligibility for the program and rent calculations, will use the proper determination of property asset value by calculating value using twice the SEV (State Equalized Value) indicated on property tax statements for all applicants and tenants who own property assets.

President, Charlevoix Housing Commission

Date



U.S. Department of Housing and Urban Development

Michigan State Office
Office of Public Housing
Patrick V. McNamara Federal Building
477 Michigan Avenue
Detroit, MI 48226-2592
Tel. (313) 226-7900

MAR 26 2015

Julie Waterman
Acting Executive Director
Charlevoix Housing Commission
210 West Garfield Street
Charlevoix, MI 49720

Dear Ms. Waterman:

SUBJECT: Independent Auditor Report No.: MI182-03312013
Fiscal Year Ended: March 31, 2013
Audit Signature Date: July 29, 2013
Date Received: August 05, 2014

The Detroit Office of Public Housing received the Charlevoix Housing Commission's (CHC) response and documentation to its audit report for the fiscal year ended March 31, 2013, on August 05, 2014. The audit was performed by Barry E. Gaudette, CPA P.C., and covered the fiscal operations of CHC from April 1, 2013 through March 31, 2014. The audit report contained **two (2) findings**. This correspondence is official notice of receipt for your August 20, 2014 submission of supporting documentation for each finding listed below. This office has made the following determinations based on your submission: Findings 2013-01 and 2013-02 remain open. Please respond to the remaining open findings within 15 business days of this letter.

FINDING 2013-01:

Payroll - Per the audit report, "During the audit, it was noted the Housing Commission does not have Form I-9, Employment Verification, as required by the Department of Homeland Security, on file for employees hired after November 6, 1986."

Recommendation – Per the audit report, "We recommend the Housing Commission complete Form I-9 for the required employees and maintain in their personnel files as required."

HUD Determination – CHC provided documentation of a board approved policy that requires a Form I-9 for required employees to be maintained in their personnel files, and a certification that, "a policy detailing actions to be taken when hiring new employees, including the completion of form I-9." In order to fully correct this deficiency, a certification that all current employees have a completed I-9 on file must be submitted to the Detroit Office of Public Housing for review – **this finding remains OPEN.**

FINDING 2013-02:

Tenant Files - Per the audit report, "During the review of tenant files, it was noted that the Commission was not reporting property owned by tenants at twice the SEV value."

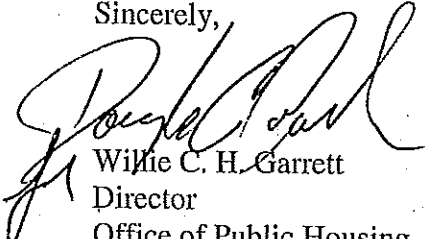
Recommendation- Per the audit report, "We recommend the Commission obtain tenant file training for all personnel performing rent certifications to ensure personnel is aware of all regulations governing this activity. Management stated there are two tenants who own property,

and after recalculation of rent it was noted that rent would not be materially affected.

HUD Determination- CHC provided a letter stating that, "The finding was not that the CHC failed to use third party documentation but that we had elected to use the SEV value rather than twice the SEV value when determining the value of the asset. Following the audit, property assets have been calculated at twice the SEV value". In order to fully correct this deficiency, CHC must submit a board approved agency policy that addresses rent calculations based on the proper determination of SEV to the Detroit Office of Public Housing for review– **this finding remains OPEN.**

If you have any questions or comments regarding the audit, please feel free to contact Lidi Armenta, Presidential Management Fellow at (313) 234-7454.

Sincerely,



Willie C. H. Garrett
Director
Office of Public Housing

July 22, 2014

To the Board of Commissioners
Charlevoix Housing Commission

I have audited the financial statements of the business-type activities and the aggregate remaining fund information of Charlevoix Housing Commission for the year ended March 31, 2014. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated July 22, 2014. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Charlevoix Housing Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2014. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no major sensitive estimates affecting the Housing Commission's financial statements.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated July 22, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Comments and Recommendations

done The Housing Commission minutes are signed by the Executive Director. We recommend that a Board Commissioner also sign the minutes. This would improve internal controls in the governance area.

Currently all board members, the executive director, and the occupancy clerk/administrative assistant are check signers. Also, the executive director prepares the checks from invoice information. I recommend to improve internal controls that the occupancy clerk/administrative assistant not be a check signer and that the preparation of checks from invoices be done by the occupancy clerk/administrative assistant. This would segregate the preparation of checks from a check signer.

Comments and Recommendations (Continued)

The payroll is currently prepared by the executive director, the federal and state tax withholdings and tax forms are done by the fee accountant. To improve internal controls over this function, we recommend that an [outside vendor prepare the payroll checks and the payroll tax forms.] Eliminating the fee accountants professional fees for preparing the federal and state tax withholdings and tax forms could offset part of the cost of the having a payroll processing vendor. If this is cost prohibitive, then I would recommend that the payroll stubs have the employees hours typed on the stub. Both of these recommendations would improve internal controls.

While making inquiries, we learned that the resident commissioner is usually the board member that signs the checks each week. We recommend that the Board at least several times a year have a different Board member sign the checks and review the invoices.

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of the Charlevoix Housing Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Barry E. Gaudette, CPA

Barry E. Gaudette, CPA