
Louisiana Housing Finance Agency



Internal Audit

Collette Mathis, Audit Director

October 10, 2007

Table of Contents

Memo to Commissioners.....	3
Preliminary Agenda	4
Minutes of October 11, 2006 Meeting	5
LHFA Combined Financial Statements - FYE June 30, 2007.....	Separate Attachment
LHFA Financial Report - FYE June 30, 2007 and 2006	Separate Attachment
Reports on Compliance and Internal Control	Separate Attachment

M E M O R A N D U M

To: Commissioner Merriell F. Lawson - Chairman
Commissioner Lisa Woodruff-White
Commissioner John N. Kennedy
Commissioner Robert Austin

From: Collette Mathis, Audit Director

Date: October 3, 2007

Re: Audit Committee

There will be an Audit Committee meeting, Wednesday, October 10, 2007 at 10:00 a.m., at Louisiana Housing Finance Agency, Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA.

There will be a presentation and discussion of the fiscal year ended June 30, 2007 external audit results by Duplantier, Hrapmann, Hogan & Maher and Postlethwaite & Netterville.

If you have any questions or concerns, please contact us.

October 3, 2007

Audit Committee

A regular meeting of the Audit Committee, to be held on Wednesday, October 10, 2007 at 10:30 a.m., Louisiana Housing Finance Agency, Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA, by the order of the Chairman.

Final Agenda

1. Call to order, roll call and introduction of guests
2. Approval of the minutes of October 11, 2006 Committee Meeting
3. Presentation and Discussion of External Audit Results for Fiscal Year Ended June 30, 2007
 - Duplantier, Hrapmann, Hogan & Maher
 - Postlethwaite & Netterville
4. Other Business
5. Adjournment

Milton J. Bailey, President

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter Executive Session, and by this notice, the Agency reserves its right to go into executive session as provided by law.

**Louisiana Finance Agency
Audit Committee Meeting Minutes
Wednesday, October 11, 2006
2415 Quail Drive
Committee Room 2
Baton Rouge, LA 70808
10:30AM**

Commissioners Present

Merriell Lawson, Chairperson
Lisa Woodruff-White
Allison Washington/ John Kennedy

Commissioners Absent

Robert Austin

Staff Present

Collette Mathis
Konchetta Bringier
Dione Milton

Others Present

Candy Wright, Postlethwaite & Netterville
Bill Stamm, Duplantier
Ann Hebert, Duplantier



Chairman Merriell Lawson called the meeting to order at 10:46AM and asked for roll call.
A quorum was established.

1. Call to order, roll call and introduction of guests.

2. Approval of the minutes. A motion was made by Alice Washington/ Commissioner John Kennedy, and seconded by Commissioner Lisa Woodruff-White to approve the minutes of the October 11, 2006 Audit Committee meeting. The minutes were approved.

3. External Audit. Collette Mathis gave a brief update on the external audit performed by Postlethwaite & Netterville and Duplantier, Hrapmann, Hogan and Maher. P&N performed an audit of the MRB programs and Duplantier, Hrapmann, Hogan and Maher audited the general fund as well as internal control and compliance. Collette Mathis did note that both were clean audits and a full presentation will be made at the full board meeting.

4. Update of Single Family Audit. Collette Mathis gave an update on the Single Family audit. Ms. Mathis informed the Committee that the test work has been completed, however, Hurricanes Katrina and Rita has disrupted the progress. The Single Family Department has been extremely busy with loan/ compliance packages that audit time has been extended. She gave an overview of the scope and objectives of the audit.

Commissioner Woodruff-White had a question concerning the audit objectives. She wanted to know if the objectives identified were based on previous audits. Ms. Mathis explained that the Internal Audit Department was new to the Agency and there has never been internal audits conducted at the agency. She explained that there was a risk assessment performed of the entire agency and areas that presented the greatest risks were identified. Ms. Mathis referred to the copy of the Agency Risk Assessment in the Audit Plan.

Ms. Mathis also gave an overview of the potential audit findings. She discussed the problems associated with the time between the receipt of compliance fees and the actual depositing of these fees. In addition, she discussed the second mortgage files. There are forty-eight second mortgages that are in now in a first position for repayment and the Agency is not collecting program income on them. The Agency is trying to find a Servicer so we can start collecting on these mortgages.

Chairman Lawson asked have any been sent to a collection agency. Ms. Mathis explained that it is not that the mortgagors are refusing to pay; they have never been sent payment books or told to submit payment. They Agency is not actively pursuing payment, however, management is working on a plan to pursue collections.

Candy Wright with P&N interjects and said that this issue was brought to management's attention a few years ago when they conducted an audit. She says that management has been working on methods to collect on these loans and were even thinking of ordering software and doing it in house at one time.

Ms. Mathis also explained the second mortgage balances maintained by the SF department and the Accounting departments were not in agreement. A draft of the Single Family Audit Report is forthcoming and will be sent to the board.

5. 2006 – 2007 Annual Audit Plan Presentation. Ms. Mathis explains that every year the department develops an audit plan which gives any interested parties the information that we have done this current year and what we plan to do the next year. She briefly discussed all of the components of the 2006 – 2007 Annual Audit Plan.

Chairman Lawson commended the Internal Audit Department on the preparation of the Annual Audit Plan. She explained that there was nothing up for approval and the Audit Plan was for informational purposes.

6. Other Business. There was no further business to come before the Committee.

7. Adjournment. The meeting adjourned at 11:10AM.