

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS FAIR HOUSING COMMISSION
(DEPARTMENT OF INSPECTOR GENERAL)
FOR THE YEAR ENDED JUNE 30, 2017**

Finding:

Receipts collected by the Agency were deposited into the State Treasury; however, the deposits were generally not made in a timely manner, as required by regulations issued by the Department of Finance and Administration (DFA). Weekly deposits are allowed; however, it was noted that during fiscal year 2017, receipts totaling \$114,471 were held between 8 and 69 days before being deposited.

Recommendation:

We recommend the Agency strengthen internal controls and comply with DFA regulations by making deposits at least weekly.

Management Response:

The Agency worked to comply with DFA regulations throughout FY17 but had insufficient staff to meet every portion of the applicable regulation which also requires separate personnel to collect, record, and make deposits.

The Agency had fiscal personnel for only one month in FY17 but did deposit most funds in accordance with DFA regulations which provide, "...in the last week of the month all deposits keyed into the State's accounting system must be delivered to the Treasurer of State or the commercial bank for deposit prior to noon on the last business day of the month." Per the Auditor's work papers, the Agency was only unable to deposit receipts totaling \$23,780 by the end of each month in FY17.

State accounting procedures require segregation of fiscal duties, which cannot be achieved absent sufficient personnel. DFA was aware the Agency lacked personnel sufficient to segregate fiscal duties as per its applicable regulation. Agency requests to use existing federal appropriated funds to hire necessary staff were denied, thereby adversely impacting the Agency's ability to comply with all portions of the regulation concurrently.

During FY17, fiscal duties were managed to the best extent possible using existing staff. All checks were recorded and maintained in a secured safe until deposit. The Agency will work within allowable resources to make timely deposits while also segregating duties using non-fiscal staff if necessary as advised.

Additional comment from the auditor:

It should be noted that the paragraph contained in DFA Financial Management Guide section R4-19-4-501, the latter portion of which the Agency quotes above, states the following:

"Good internal controls dictate daily deposits to Treasury and/or a commercial bank account. Weekly deposits are allowable if an agency receives only minimal amounts of cash and/or checks. However, in the last week of the month all deposits keyed into the State's accounting system must be delivered to the Treasurer of State or the commercial bank for deposit prior to noon on the last business day of the month."

Our finding is based on the Agency's noncompliance with this underlined portion. Additionally, per our workpapers, the amount not deposited by the Agency by the end of the month of receipt totaled \$66,141.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS GEOGRAPHIC INFORMATION SYSTEMS OFFICE
(DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Finding:

Financial Management Guide Regulation R4-19-4-2004 requires state agencies to promptly record amounts due for delivery of goods and services and promptly collect accounts receivable. Further, Financial Management Guide Regulation R1-19-4-805 requires agencies using the Department of Finance and Administration (DFA) Office of Accounting Services Bureau to report transactions on a "real-time" basis to be entered in AASIS.

Accounts receivable and related revenues totaling \$22,732 and \$81,615 that should have been recorded in fiscal years 2018 and 2017, respectively, were not recorded until the receivables were collected on March 3, 2019.

Recommendation:

We recommend the Agency strengthen controls related to receivables and cash collections and adhere to DFA Financial Management Guide regulations.

Agency Response:

The GIS Office will initiate the following controls to ensure compliance with R4-19-4-2004:

1. Agency Administrative Assistant will be enrolled in AASIS training.
2. The Office will utilize spreadsheet tracking for project accounting and milestones.
3. The Office will schedule calendar tasks at 30- and 60-day intervals for follow up reminders with client or until receivables are deposited.
4. The Office will complete the Pay Receivables entry for any amounts in the CAFR Closing Book to end each fiscal year.