

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Manufactured Home Commission

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas Manufactured Home Commission. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Manufactured Home Commission, a commission of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated August 15, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas Manufactured Home Commission was established as a division of the Department of Health by Act 510 of 1973 and became an independent state agency through Act 419 of 1977. The Commission is responsible for enforcing uniform standards of construction and design of manufactured homes, as established by the General Assembly and the federal Mobile Home Construction and Safety Standards Act of 1974. The Commission also licenses manufacturers, dealers, salespeople, and others engaged in selling, installing, anchoring, and servicing manufactured homes in the State and is funded by fees it charges.

The Commission consists of 10 members appointed by the Governor, with at least one member residing in each congressional district. Four members must be active in the manufactured home industry, five members must be from the public at large, and one member must be age 60 or older. **Exhibit I on page 2** shows the organizational structure of the Commission.

ARKANSAS LEGISLATIVE AUDIT

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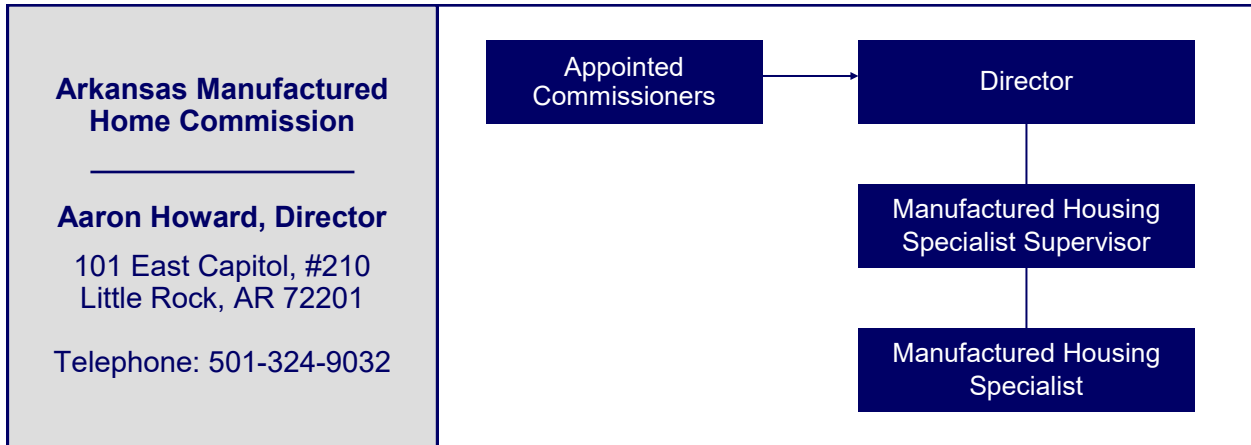
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Exhibit I
Arkansas Manufactured Home Commission
Organizational Chart



Source: Arkansas Manufactured Home Commission

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are provided in **Exhibit II on page 3**. The Agency reported total revenues of \$309,208 for the year ended June 30, 2018. The primary sources of these funds were federal grants, certifications, and assessment fees. The Agency does not receive any general revenue funding.

Agency expenditures totaled \$224,953 for the year ended June 30, 2018. The majority was for salary expenses representing 73% of total expenditures in 2018.

Assets, Liabilities, and Deferred Inflows of Resources

Balances for assets, liabilities, and deferred inflows of resources at year-end for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. At June 30, 2018, assets, liabilities and deferred inflows of resources amounted to \$1,990,813, \$44,863, and \$71,101, respectively. Cash and investments totaling \$1,888,880 were traced to deposits held in the State Treasury without exception.

Exhibit II

**Arkansas Manufactured Home Commission
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Federal grants	\$ 95,293	\$ 88,894	\$ 101,260	\$ 93,034	\$ 92,989
Certifications	76,645	76,030	88,760	79,690	75,810
Assessment fees	88,750	85,850	78,000	75,700	71,700
Other income (net)	48,520	75,114	49,408	40,576	37,396
Total Revenues	<u>\$ 309,208</u>	<u>\$ 325,888</u>	<u>\$ 317,428</u>	<u>\$ 289,000</u>	<u>\$ 277,895</u>
Expenditures					
Salaries	\$ 164,839	\$ 160,457	\$ 153,305	\$ 173,764	\$ 197,205
Refunds and claims	15,650	44,250	10,900	19,500	24,000
Utilities and rent	19,159	19,399	24,668	21,144	19,771
Other expenses	25,305	28,403	47,326	14,090	16,267
Total Expenditures	<u>\$ 224,953</u>	<u>\$ 252,509</u>	<u>\$ 236,199</u>	<u>\$ 228,498</u>	<u>\$ 257,243</u>
Net Transfers In (Out)	<u>\$ 133</u>	<u>\$ (24,559)</u>	<u>\$ 234</u>	<u>\$ 62</u>	<u>\$ (886)</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III

**Arkansas Manufactured Home Commission
Assets, Liabilities, and Deferred Inflows of Resources
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 1,888,880	\$ 1,819,767	\$ 1,738,133	\$ 1,650,727	\$ 1,593,630
Fixed assets	26,854	30,492	48,157	51,593	51,593
Federal receivables	71,101	75,079	58,824	63,373	0
Other assets	3,978	1,624	1,618	427	1,249
Total Assets	<u>\$ 1,990,813</u>	<u>\$ 1,926,962</u>	<u>\$ 1,846,732</u>	<u>\$ 1,766,120</u>	<u>\$ 1,646,472</u>
Liabilities					
Payroll liability	\$ 5,744	\$ 5,619	\$ 3,820	\$ 2,971	\$ 4,026
Unearned income	40,475	41,473	25,125	17,083	17,708
Other liabilities	(1,356)	10,693	447	288	385
Total Liabilities	<u>\$ 44,863</u>	<u>\$ 57,785</u>	<u>\$ 29,392</u>	<u>\$ 20,342</u>	<u>\$ 22,119</u>
Deferred Inflows of Resources					
Related to revenues	<u>\$ 71,101</u>	<u>\$ 75,079</u>	<u>\$ 54,396</u>	<u>\$ 60,862</u>	<u>\$ 0</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

