



U.S. Department of
Agriculture
Office of Inspector General
Southwest Region
Audit Report

Rural Housing Service
Management of Rural Rental
Housing Projects
Wilmic Ventures, Inc.
Prairie View, Texas



Report No.
04099-11-Te
June 2001



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Southwest Region
101 South Main
Temple, Texas 76501



DATE: June 22, 2001

REPLY TO

ATTN OF: 04099-11-Te

SUBJECT: Management of Rural Rental Housing Projects – Wilmic Ventures, Inc.

TO: Richard Perryman
Acting State Director
Rural Development
101 South Main Street, Room 102
Temple, TX 76501

ATTN: Eugene Pavlat, Director
Community Programs/Multi-Family Housing

We have completed our audit coverage of Wilmic Ventures, Inc. The audit included an in-depth review of calendar year 2000 transactions for 2 of the 34 Rural Rental Housing (RRH) projects managed by Wilmic. With respect to the audit scope and objectives, no program deficiencies or control weaknesses were identified. The audit was conducted at the Wilmic Ventures corporate office and the Hempstead Gardens and Waller Country Shady Oaks housing projects.

This report does not require a response from your agency.

BACKGROUND

The RRH program is designed to provide affordable rental housing to low and moderate-income persons in rural areas by providing loans to construct housing projects. Agency Instruction 1930-C provides guidance to borrowers and management companies concerning requirements for operating the projects. The Rural Development State Office and its 30 local area offices administer the program in Texas.

OBJECTIVES

The audit objectives were to determine if the properties were adequately maintained and the management company accurately reported expenses related to the operation and maintenance of the properties.

SCOPE AND METHODOLOGY

Our review consisted of a selection of housing projects managed by Wilmic Ventures, Inc., for the year 2000. We initially selected 18 projects (9 each administered by the Bryan and Huntsville, Texas local Rural Development offices) to select projects for in-depth review. For each, we reviewed the Rural Development project files, made field visits to inspect them for visible maintenance problems, and to take photographs of the exterior. We found all 18 housing projects to be free of any visible maintenance defects.

From the above analysis, we selected two projects (Waller County Shady Oaks and Hempstead Gardens) for our financial review. This part of the audit was conducted at the Wilmic Ventures corporate office in Prairie View, Texas, and the two selected projects. For both projects we analyzed all transactions in their respective reserve accounts and operations and maintenance accounts. Transactions were followed from invoices to check registers, cancelled checks and the general ledger. Field visits were made to verify major purchases (heating/air conditioning units, refrigerators, stoves, and carpets) and the existence of selected vendors.

The audit was conducted in accordance with generally accepted Government auditing standards.

/s/
ROBERT E. GRAY
Regional Inspector General
for Audit