



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ◆ Karyn E. Polito, Lieutenant Governor ◆ Janelle L. Chan, Undersecretary

Housing Notice 2018-15

To: All Local Housing Authority Staff
From: Laura Taylor
Subject: Seeking CPAs for DHCD's Agreed Upon Procedures (AUP) Program
Date: August 3rd, 2018

The Massachusetts Department of Housing and Community Development (DHCD) is issuing this Public Housing Notice to identify and pre-qualify accounting firms with auditing experience for DHCD's Agreed Upon Procedures (AUP) program.

Local Housing Authorities (LHAs) with state-aided public housing units must contract with an independent external certified public accounting (CPA) firm annually to complete an Agreed Upon Procedures (AUP) to review the financial records of the housing authority. The AUPs will be undertaken by qualified accounting firms that have been pre-qualified by DHCD. LHAs will be able to then select from this list the firm they wish to work with. Firms that are not pre-qualified through this process will not be eligible for selection by an LHA. There will be one exception: those LHAs that already have a federal audit (A133) firm will be allowed to use that same firm for the AUP, whether that firm has been pre-qualified through this process or not.

Project Scope

The AUP will cover the 12-month period preceding the end of the LHA's fiscal year.

The review of the LHA's financial records focuses on eight criteria: Rent Collection, Payroll/Fringe Benefits, Accounts Payable/Disbursements, Inventory (Fixed Assets), Procurement, Cash Management and Investment Practices, Operating Subsidy, and Annual Rent Redetermination.

In Appendix B is the current template for the AUP program, although this is subject to change as needed. DHCD expects to shortly move to a web application for AUP, which will necessitate some slight re-organization of the AUP, however the content will remain largely the same.

Pre-Qualification Terms and Details

Quality and Standards

The following quality standards shall apply to all services utilized under this contract:

- Selected accounting firms shall be responsible for the professional and technical accuracy and the coordination of all work and reports furnished by the firm.
- All reports shall be completed using the standard form provided by DHCD.
- The professional services shall be performed in conformance with applicable federal, state, and local laws, ordinances and regulations.
- All work shall be performed in accordance with generally accepted government auditing standards.

Compensation

The following table reflects the maximum compensation firms may earn for the AUP, not including reimbursable expenses. Note, compensation for services is based upon the number of units that are under management by the LHA.

LHA Size	Maximum Hours	Hourly Cost	Total Maximum Cost
1-50	15	210	\$3,150
51-199	18	210	\$3,780
200-499	21	210	\$4,410
500-999	24	210	\$5,040
1,000+	26	210	\$5,460

Reimbursable Expenses:

At the completion of the AUP report, firms should submit to the LHA invoices for payment for reimbursable expenses incurred. These submissions should be supported by invoices or receipts. The following are the only allowable reimbursable expenses:

- The cost of printing more than five copies of required submissions;
- Mileage reimbursement for driving in MA only, at a rate of .45 per mile; and
- Any other specially authorized reimbursement deemed essential by the Department in writing.

Non-Reimbursable Expenses:

- An LHA shall not reimburse the firm for telephone, postage and delivery. The firm shall not be entitled to compensation for the services of sub-consultants.

Acquisition Method

The acquisition method is fee-for-service. Each LHA will enter into a contract with the firm of their choosing from DHCD's pre-qualified list. The total cost of the Agreed Upon Procedures (AUP) should not exceed the figure presented above in the table shown in the compensation section of this PHN plus any reimbursable expenses.

Note: LHAs must choose a different firm at a minimum every five years from DHCD’s pre-qualified list.

Duration of Pre-Qualification and Eligibility

Firms who are pre-qualified through this process will remain so until June 30, 2021, with two (2) one-year extensions possible at the discretion of DHCD. At that time, DHCD may require that vendors resubmit their qualifications through the same or a similar process.

There are no funds associated with this pre-qualification, and being pre-qualified does not ensure that your organization will be selected by an LHA for services.

DHCD reserves the right to remove firms from the AUP pre-qualified list due to poor performance.

Required Qualifications of the Accounting Firm:

- A Massachusetts Licensed Certified Public Accountant;
- Adequate Errors and Omissions/Professional Liability Insurance;
- Are free from conflicts of interest;
- Has a record of responsible work;
- Has received a positive peer review within the last three years;
- Has completed the required continuing professional education;
- Has not been suspended or debarred from performing government audits; and
- Has not been the object of any disciplinary action during the past three years.

How to Apply for Pre-Qualification to the AUP Program

All responses with the following information should be emailed to Kathyann Pace at kathyann.pace@mass.gov with the following subject line: “AUP Application.”

Applications must be received by 5:00 PM August 31st, 2018.

Section 1: Cover letter

Each applicant must submit a cover letter introducing their firm. Please be sure to include:

- Applicant’s legal name, complete address, telephone number, fax number, and web page.
- A point of contact person for the Applicant, including name, phone number and email address.
- Please indicate what area(s) of the state you intend to serve. The areas are:
 - Western Massachusetts
 - Central Massachusetts
 - Cape Cod & the Islands
 - Greater Boston
 - North of Boston
 - South of Boston

Section 2: Experience and Qualifications Narrative

The narrative should not exceed 8 pages, single sided, though they can be printed on both sides for a total of 4 pages. Type should be Times New Roman, size 12, double spaced. All applicants must address the following in their narrative:

1. Describe your company- your focus, experience and capacity. Please provide the following information: When was your company established? How many full time equivalent (FTE) employees do you have? What is the focus of the company?
2. Describe your current presence in Massachusetts.
3. We are interested in understanding the depth of your company's experience in areas relating to our project. Please provide the following information: How long has your company offered auditing-related services? What related services do you also offer? What is your experience in working with state government agencies? What is your experience in working with public housing authorities?
4. Describe your methodology in conducting an AUP.
5. What is your level of experience with auditing public or quasi-public agencies? Please list up to 5 audits or AUPs you have completed in the last 5 years.
6. Will your firm be able to conduct an AUP using the DHCD provided tracking system (currently in excel, but moving to a web application)?
7. Following adherence to M.G.L. c.268A, Conflict of Interest Law, do you have any known or potential conflicts of interest that would prohibit you from entering a contract with any or all LHAs?
8. Please list any LHAs or non-profits in Massachusetts that you have worked for previously. What was the nature of this work? There is a listing of all LHAs in Appendix A.
9. Please add any additional information that you think would be beneficial.

Section 3: Fee Proposal

As a government agency, cost is a great concern. The compensation section earlier on page 2 limits the cost of the AUP. Will your firm be able to adhere to this fee structure?

For each staff member who will work on this project, please list the name, title, role, years of experience working on similar projects, and his/her hourly rate.

Section 4: Resumes, References, and License

Please include the resumes of up to 6 staff that would be assigned to this project.

Please provide at least three (3) references for current or past clients (within the last 5 years) for similar projects that used the same staff.

Please provide a copy of your current Massachusetts CPA license.

Questions

Questions about the **pre-qualification process** should go to Kathyann Pace at kathyann.pace@mass.gov.

Questions about the **Agreed Upon Procedures program, including scope and content**, should be directed to Laura Taylor at laura.taylor@mass.gov.

Appendix A: List of LHAs that must have an annual AUP

1	ABINGTON
2	ACTON
3	ACUSHNET
4	ADAMS
5	AGAWAM
6	AMESBURY
7	AMHERST
8	ANDOVER
9	ARLINGTON
10	ASHLAND
11	ATHOL
12	ATTLEBORO
13	AUBURN
14	AVON
15	AYER
16	BARNSTABLE
17	BARRE
18	BEDFORD
19	BELCHERTOWN
20	BELLINGHAM
21	BELMONT
22	BERKSHIRE COUNTY (Sheffield)
23	BEVERLY
24	BILLERICA
25	BLACKSTONE
26	BOSTON
27	BOURNE
28	BRAINTREE
29	BREWSTER
30	BRIDGEWATER
31	BRIMFIELD
32	BROCKTON
33	BROOKFIELD
34	BROOKLINE
35	BURLINGTON
36	CAMBRIDGE
37	CANTON
38	CARVER
39	CHARLTON
40	CHATHAM

121	MASHPEE
122	MATTAPOISETT
123	MAYNARD
124	MEDFIELD
125	MEDFORD
126	MEDWAY
127	MELROSE
128	MENDON
129	MERRIMAC
130	METHUEN
131	MIDDLEBOROUGH
132	MIDDLETON
133	MILFORD
134	MILLBURY
135	MILLIS
136	MILTON
137	MONSON
138	MONTAGUE
139	NAHANT
140	NANTUCKET
141	NATICK
142	NEEDHAM
143	NEW BEDFORD
144	NEWBURYPORT
145	NEWTON
146	NORFOLK
147	NORTH ADAMS
148	NORTH ANDOVER
149	NORTH ATTLEBOROUGH
150	NORTH BROOKFIELD
151	NORTH READING
152	NORTHAMPTON
153	NORTHBOROUGH
154	NORTHBRIDGE
155	NORTON
156	NORWELL
157	NORWOOD
158	ORANGE
159	ORLEANS
160	OXFORD

41	CHELMSFORD
42	CHELSEA
43	CHICOPEE
44	CHINESE CONSOLIDATED
45	CLINTON
46	CODMAN SQUARE
47	COHASSET
48	CONCORD
49	DALTON
50	DANVERS
51	DARTMOUTH
52	DEDHAM
53	DENNIS
54	DIGHTON
55	DRACUT
56	DUDLEY
57	DUKES COUNTY (Oak Bluffs)
58	DUXBURY
59	EAST BRIDGEWATER
60	EAST LONGMEADOW
61	EASTHAMPTON
62	EASTON
63	ESSEX
64	EVERETT
65	FAIRHAVEN
66	FALL RIVER
67	FALMOUTH
68	FITCHBURG
69	FOXBOROUGH
70	FRAMINGHAM
71	FRANKLIN
72	FRANKLIN COUNTY
73	GARDNER
74	GEORGETOWN
75	GLOUCESTER
76	GRAFTON
77	GRANBY
78	GREAT BARRINGTON
79	GREENFIELD
80	GROTON
81	GROVELAND
82	HADLEY
83	HALIFAX
84	HAMILTON

161	PALMER
162	PEABODY
163	PEMBROKE
164	PEPPERELL
165	PITTSFIELD
166	PLAINVILLE
167	PLYMOUTH
168	PROVINCETOWN
169	QUINCY
170	RANDOLPH
171	RAYNHAM
172	READING
173	REVERE
174	ROCKLAND
175	ROCKPORT
176	ROWLEY
177	SALEM
178	SALISBURY
179	SANDWICH
180	SAUGUS
181	SCITUATE
182	SEEKONK
183	SHARON
184	SHELBURNE
185	SHREWSBURY
186	SOMERSET
187	SOMERVILLE
188	SOUTH HADLEY
189	SOUTHBOROUGH
190	SOUTHBRIDGE
191	SOUTHWICK
192	SPENCER
193	SPRINGFIELD
194	STERLING
195	STOCKBRIDGE
196	STONEHAM
197	STOUGHTON
198	SUDBURY
199	SUTTON
200	SWAMPSCOTT
201	SWANSEA
202	TAUNTON
203	TEMPLETON
204	TEWKSBURY

85	HAMPDEN
86	HAMPSHIRE COUNTY
87	HANSON
88	HARWICH
89	HATFIELD
90	HAVERHILL
91	HINGHAM
92	HOLBROOK
93	HOLDEN
94	HOLLISTON
95	HOLYOKE
96	HOPEDALE
97	HOPKINTON
98	HUDSON
99	HULL
100	IPSWICH
101	KINGSTON
102	LANCASTER
103	LAWRENCE
104	LEE
105	LEICESTER
106	LENOX
107	LEOMINSTER
108	LEXINGTON
109	LITTLETON
110	LOWELL
111	LUDLOW
112	LUNENBURG
113	LYNN
114	LYNNFIELD
115	MALDEN
116	MANCHESTER
117	MANSFIELD
118	MARBLEHEAD
119	MARLBOROUGH
120	MARSHFIELD

205	TOPSFIELD
206	TYNGSBOROUGH
207	UPTON
208	UXBRIDGE
209	WAKEFIELD
210	WALPOLE
211	WALTHAM
212	WARE
213	WAREHAM
214	WARREN
215	WATERTOWN
216	WAYLAND
217	WEBSTER
218	WELLESLEY
219	WENHAM
220	WEST BOYLSTON
221	WEST BRIDGEWATER
222	WEST BROOKFIELD
223	WEST NEWBURY
224	WEST SPRINGFIELD
225	WESTBOROUGH
226	WESTFIELD
227	WESTFORD
228	WESTPORT
229	WEYMOUTH
230	WHITMAN
231	WILBRAHAM
232	WILLIAMSTOWN
233	WILMINGTON
234	WINCHENDON
235	WINCHESTER
236	WINTHROP
237	WOBURN
238	WORCESTER
239	WRENTHAM
240	YARMOUTH

Housing Authority:

Fiscal Year End (FYE):
 Date AUP Conducted:
 Executive Director:
 CPA:
 CPA Phone:

A. Rent Collection / Tenant Accounts Receivable / Account Write-Offs	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Rent Collection – Walk-through of sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of individual rent receipts to ensure all the following steps are being executed. 1. Log of rent collected is complete, accurate and includes all necessary information. 2. Post-dated checks for current amount due is not accepted payment by LHA. 3. Trace amounts from receipt log to deposit slip for bank. Cash is deposited daily per DHCD guidelines (per Accounting Manual Sec. 8, p. 3). Except IF: LHA has only one administrative employee who deposits cash at least weekly. 4. Reconcile tenant ledger with receipt log, bank deposit and General Ledger. 5. What is on General Ledger matches bank statement (bank reconciliation) and Operating Statement and Balance Sheet (51-1 and 51-2 respectively).	No Exception Found
B. Rent Collection – Segregation of Duties 1. Document and evaluate internal controls and segregation of duties for steps 1 to 5 above. For LHAs with only one administrative employee: if sufficient internal controls and segregation of duties are not in place, there are mitigating controls in place, such as reporting the frequency/amount of credit adjustments to the board or fee accountant.	No Exception Found
C. Rent Collection – Tenant Accounts Receivables (TAR) 1. Aging of Tenant Accounts Receivable is matched to the General Ledger and to the Balance Sheet TAR (51-2). 2. Draw a sample of uncollected TAR accounts (Small - 3, Med - 5, Large - 7, Very Large - 9). Rent Collection is in compliance with LHA rent collection policy (per Contract for Financial Assistance (CFA) and Management Plan IIIC). 3. Allowance for Doubtful Accounts is determined in accordance with GAAP and LHA has evaluated estimate on annual basis. Reasonable allowance based on historical data. Repayment Agreements reconcile to the Balance Sheet/Operating Statements and are in accordance with DHCD policy.	No Exception Found
D. Account Write-Offs – Walk-through uncollected rent that was written-off. If no write-offs can be found, please select N/A option from drop down for both steps 1 and 2. 1. Obtain detail of write-offs and verify that write-offs are in accordance with DHCD policy. 2. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
B. Payroll/Fringe Benefits	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Wage Reconciliation 1. Verify analytically (not to exact amount) that FYE-end wages gross payroll reported on the LHA's General Ledger for all programs and all employees matches actual wage amounts reported on Forms 941 and WR-1 (state and federal filings). 2. Look at DHCD-approved budget <i>Schedule of All Salaries and Positions "Report"</i> in HAFIS and identify five highest paid salaries from all funding sources. Verify analytically (within % ANUEL increase for that year - exclude overtime in calculation for maintenance employees) that it matches the amount reported at FYE on the LHA's Top 5 Compensation Form (LHA should have a copy on file). Verify the amount reported on the Top 5 Compensation Form matches <u>exactly</u> the amount reported on reconciled Form 941 and the corresponding state online submission (mass.gov/lwd/unemployment-insur/employers/). 3. LHA is in possession of DHCD-approved executive contract signed by the LHA, Executive Director and DHCD. If LHA can show that currently being processed by DHCD and was not returned to the LHA for failing to meet DCHD's requirements, LHA can produce the last DHCD-approved executive contract signed by the LHA, Executive Director and DHCD.	No Exception Found
B. Select a Single Pay Period: 1. Trace timesheets/timecards to the payroll register. 2. Test for completeness and accuracy. 3. Proper controls and approvals are in place, i.e. employees sign timesheets, the Executive Director signs off on employee timesheets, and the Executive Director maintains a timesheet.	No Exception Found
C. Obtain a compensated absences liability schedule: 1. Test for consistency with personnel policy (personnel policy required per Contract for Financial Assistance (CFA) and Management Plan IIa2) and reconcile to Balance Sheet (51-2) and General Ledger. If AUP conducted after 9/30/17, personnel policy includes (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment per PHN 2017-14. Verify analytically future liabilities for employee benefits (particularly GASB 45 and GASB 68) are properly reflected on Operating Statement (51-1) and Balance Sheet (51-2). If GASB 68 actuarial reports were not received by the LHA in time for year-end financial statements, it is OK for LHA to report last year's GASB 68 numbers. 2. Proper controls and approvals are in place, i.e. Executive Director approves employee compensated absences. 3. Compensated absences should be tracked apart from the timesheets, and verification with timesheets should be performed. 4. Accrued and Accumulated leave time matches. Time is accruing as it should.	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
C. Accounts Payable/Disbursements	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of operating and capital expenditures (at least 1 of each type if have). 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification	No Exception Found
C. Select a sample (Small - 6, Med - 10, Large - 14, Very Large - 18) of credit card/debit card statements. If no credit/debit expenditures can be found, please select N/A option from drop down for <u>all</u> steps 1 to 8. 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation (CPAs: include date, description of charge and amount of transaction for each purchase missing documentation below) 4. Allowability 5. Allocation 6. Classification 7. No Sales Tax Paid 8. Card is in Housing Authority name; not Executive Director (or any other staff member) name.	No Exception Found
D. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of employee reimbursements (include at least one travel reimbursement). 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
D. Inventory (Fixed Assets)	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Obtain a copy of the depreciation schedules/fixed asset listing: 1. Inventory listing includes both capitalized and non-capitalized items (such as refrigerators, stoves, community room equipment, office equipment, etc.) of \$1,000 or more. It also includes all necessary information, including a tag with an LHA-assigned number for all assets of \$1,000 or more (and all refrigerators and stoves of any value). 2. Depreciation schedule/fixed asset listing includes all relevant assets of \$5,000 or more. It also includes all necessary information to sufficiently identify an asset. For vehicles, that includes the make/model/year and for modernization jobs the Fish number. 3. Items on depreciation schedule/fixed asset listing are being accurately depreciated. 4. Reconcile depreciation schedule/fixed asset listing to Form 51-1 (Operating Statement) and General Ledger and evaluate for completeness and sufficiency of detail. 5. Verify analytically that items listed still exist and are in possession of LHA. 6. Assets are appropriately allocated between Federal and State on General Ledger, Operating Statement (51-1), and depreciated according to which funds were used for purchase.	No Exception Found
B. Capitalization Policy 1. Verify capitalization policy is within state established limits (per Accounting Manual, Sec. 16, p.3).	No Exception Found
C. Vehicles 1. Confirm vehicles are listed on fixed asset listing, and trace vehicles listing to insurance policies.	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
E. Procurement/Public Bidding for Goods and Services	
Number of Category Exceptions: 0	Category Rating: No Findings
<p>For A to C below, examine the cash disbursements journal (or check register) as well as the contract register and identify purchases of goods and services during the year that should have been competitively procured. From these purchases that should have been competitively procured, select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of known or possible procurements valuing \$10,000 or more; if possible when selecting the sample, include at least one procurement valuing \$10,000 to \$35,000 and one procurement valuing \$35,000 or more (for goods and services for MGL c. 30B only). If any in the sample were not competitively procured, enter as an exception in A. For sampled purchases that went through procurement, follow procedures under B or C below depending on the size of the procurement.</p>	
A. Competitive Procurement When Required	No Exception Found
1. Verify that sampled purchases for goods and services that should have been competitively procured as defined per MGL c. 30B were competitively procured.	
B. Known procurements valuing (pre 11/7/16 - \$10,000 up to \$35,000 OR post 11/7/16 \$10,000 up to and including \$50,000) (for goods and services for MGL c. 30B only). If no procurement can be found valuing \$10,000 up to \$35,000, please select N/A option from drop down for each step 1 - 7 below.	No Exception Found
<ol style="list-style-type: none"> 1. (pre 11/7/16) Proper selection based on MGL c.30B s.5 IFB requirements/(post 11/7/16) Proper selection based on MGL c.30B s.5 solicitation of quotes requirements. 2. (pre 11/7/16) Documentation of solicitation of at least three oral or written quotes/(post 11/7/16) Documentation of a written purchase description with solicitation of <u>written</u> quotes from at least three persons. 3. Contract is DHCD-approved template or developed by LHA (not a vendor contract). 4. Contract was for not more than 3 years unless majority board vote allowed it to be longer. 5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director. 6. Contract did not go through automatic renewals unless renewals were part of the original procurement. 7. LHA Procurement Policy exists (per Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 6 above. 	
C. Known procurements valuing (pre 11/7/16 - \$35,000 or more OR post 11/7/16 more than \$50,000) (for goods and services for MGL c. 30B only). If no procurement can be found in this value range, please select N/A option from drop down for each step 1 - 8 below.	No Exception Found
<ol style="list-style-type: none"> 1. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. (post 11/7/16 only: If using MGL C.30B s.6 RFP requirements, LHA must have a Chief Procurement Officer (CPO) conduct the procurement under c.30B s.6.) 2. (pre 11/7/16) Documentation of Newspaper advertisement two week prior to bidding process/(post 11/7/16) Documentation of Newspaper advertisement, LHA's Office and COMMBUYS two weeks prior to bidding process. 3. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin. 4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder. 5. Contract is DHCD-approved template or developed by LHA (not a vendor contract). 6. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director. 7. Contract did not go through automatic renewals unless renewals were part of the original procurement. 8. LHA Procurement Policy exists (Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 7 above. 	
D. Obtain a copy of the contract register and verify:	No Exception Found
<ol style="list-style-type: none"> 1. Contract register exists and includes all modernization as well as goods and services contracts (per Accounting Manual, Sec. 6, p.12)/PHN 2017-14. 2. For each contract, it includes the following information: contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date and remaining value. 3. Evaluate for completeness by analyzing the cash disbursements journal against the contract register. 	
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
F. Cash Management and Investment Practices	
Number of Category Exceptions: 0 Category Rating: No Findings	
A. Pull a mid-year and year-end bank statements: 1. Test the monthly bank reconciliation to ensure that the following two match: General Ledger and bank statements (exclude deposits of rent collected as this was covered earlier). 2. Checks that have been issued and marked on General Ledger but have not been cashed (not on bank statement), known as checks in transit are identified as a part of the reconciliation process.	No Exception Found
B. Bank and Investment Accounts 1. Verify that banking and investment accounts are properly insured or collateralized (per Accounting Manual Sec. 16, p.7)	No Exception Found
<i>Exceptions Noted:</i>	
<i>Internal Control Recommendation:</i>	
<i>Authority's Response:</i>	

Housing Authority:	
G. Operating Subsidy	
Number of Category Exceptions: 0 Category Rating: No Findings	
A. Obtain copy of DHCD-approved budget exemptions. If no DHCD-approved exemptions, please select N/A option from drop down for step 1 below. 1. Compare DHCD-approved budget exemptions for direct reimbursement (as found in the ANUEL & Subsidy Worksheet - Section 8) to LHA record of actual expenses to the General Ledger.	No Exception Found
B. Revenue Reconciliation 1. Reconcile revenue to the General Ledger. Compare revenue reported in Accounts #3110, #3190, #3610 and #3690 in the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.	No Exception Found
C. Utility Reconciliation 1. Reconcile utilities to the General Ledger. Compare utilities reported in Account #4300 on the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
H. Annual Rent Calculation and Compliance	
Number of Category Exceptions: 0	Category Rating: No Findings
To conduct A through D below, select a sample (Small LHA - 5, Medium LHA - 10, Large or Very Large LHA - 15) of tenant files (from programs 200, 667, 705); if the LHA has multiple property managers, at least one file should be selected per manager. Conduct A to C and E, if have MRVP, sample 10% (min:1 max:15) of leased MRVP units.	
A. Obtain the rent roll and HAP roll: 1. Verify analytically the completeness of the resident population. (Rent roll and HAP roll support what is reported on Operating Statement Form 51-1).	No Exception Found
B. Timeliness of Annual Rent Calculation 1. Verify timeliness of annual rent redetermination (occurs one year from move-in date or last annual recertification). Except IF: LHA can produce DHCD waiver for Chapter 667 annual rent redetermination requirement and has done rent redetermination once within 2 years of move-in date or last annual recertification).	No Exception Found
C. Accuracy of Rent Calculation 1. Test rent calculation for proper verification of income, expenses and deductions. 2. Verify family composition for allowance purposes. 3. Documentation of income, exclusions from income, and deductions.	No Exception Found
D. Timeliness of Notifications Regarding Rent Changes 1. Verify notification of rent redetermination sent at least 60 days prior to effective date (see 760 CMR 6.04 (4)(b)). 2. Verify Notice of Rent Change sent no less than 14 days prior to effective date (see 760 CMR 6.04 (4)(e)). 3. Verify timeliness and proper execution of Lease Addendum (see 760 CMR 6.06 (5)(q)).	No Exception Found
E. MRVP Documentation (starting with AUPs conducted after 7/31/17) 1. MRVP file has Certificate of Fitness (COF). 2. MRVP file has Letter of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit. 3. MRVP file has Proof of Ownership which is either 1. Deed/Online Printout from Registry of Deeds or 2. Proof of Insurance or 3. Tax Documents. 4. MRVP file has W9.	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	