



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued January 9, 2015

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## Acton Housing Authority

For the period January 1, 2012 through December 31, 2013





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January 9, 2015

Robert B. Whittlesey, Chair  
Acton Housing Authority  
68 Windsor Avenue  
Acton, MA 01720

Dear Mr. Whittlesey:

I am pleased to provide this performance audit of the Acton Housing Authority. This report details the audit objectives, scope, and methodology for the audit period, January 1, 2012 through December 31, 2013. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Acton Housing Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written in a cursive style.

Suzanne M. Bump  
Auditor of the Commonwealth

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## **EXECUTIVE SUMMARY**

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted an audit of certain activities of the Acton Housing Authority for the period January 1, 2012 through December 31, 2013.

In this performance audit, we reviewed and assessed selected financial and management activities of the Authority, such as financial operations, tenant eligibility, procurement of goods and services, site inspections, contracting, leasing, cost allocation, and compliance with reporting requirements. In addition, we determined whether the Authority had received money under Chapter 44B of the General Laws (the Community Preservation Act) and, if so, had spent it in accordance with that law and Department of Housing and Community Development guidelines published May 30, 2013.

Based on our audit, for the period January 1, 2012 through December 31, 2013, the Authority maintained adequate internal controls and management practices and complied with applicable laws, rules, regulations, and contractual terms for the areas tested.

## **OVERVIEW OF AUDITED ENTITY**

The Acton Housing Authority is authorized by, and operates under, the provisions of Chapter 121B of the Massachusetts General Laws, as amended. Its administrative offices are located at 68 Windsor Avenue in Acton, Massachusetts. The Authority currently manages and oversees 91 units of state housing for elderly tenants, 12 units of state housing for special-needs tenants, 39 units of state scattered housing for low-income families, 12 units of housing under the Massachusetts Rental Voucher Program, and 155 units of federal housing.

## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Acton Housing Authority for the period January 1, 2012 through December 31, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Are the Authority's expenditures allowable and related to its operations?	Yes
2. Does the Authority have adequate controls over revenue?	Yes
3. Has the Authority determined tenant eligibility, placement, and monthly rental charges in accordance with the Department of Housing and Community Development's (DHCD's) regulations?	Yes
4. Has the Authority procured goods and services in accordance with Chapter 30B of the General Laws?	Yes
5. Has the Authority performed adequate inspections to ensure that housing units meet safety and sanitation requirements?	Yes
6. Does the Authority have controls in place, and operating effectively, to safeguard its assets?	Yes
7. Does the Authority allocate shared costs under a plan that reflects an equitable distribution between state and federal programs?	Yes
8. Is the Authority complying with DHCD's financial reporting and data collection requirements?	Yes
9. Has the Authority spent modernization money, if received, in accordance with DHCD regulations?	Yes

Objective	Conclusion
10. Has the Authority spent development money, if received, in accordance with DHCD regulations?	Yes
11. Has the Authority spent Community Preservation Act money, if received, in accordance with Chapter 44B of the General Laws and with DHCD guidelines?	Yes

To achieve our audit objectives, we gained an understanding of, and tested, the relevant internal controls for financial operations and reporting, tenant selection and occupancy, vacancies, annual rent determinations, site inspections, property and equipment, procurement, and use of development and modernization funds.

Further, we conducted audit testing in the following areas:

- We selected the last 10 tenants housed to verify that tenants were selected in accordance with DHCD regulations.
- We examined the vacancy records to determine whether the Authority had adhered to DHCD procedures for preparing and filling vacant housing units.
- We tested rent determinations for 23 of 142 tenants to verify that rents were calculated properly and in accordance with DHCD guidelines.
- We reviewed year-end tenant accounts-receivable balances to determine their collectability.
- We reviewed site-inspection records to verify compliance with DHCD inspection requirements and inspected 17 of 91 elderly housing units and 3 of 39 scattered low income family units to determine whether selected housing units were safe and sanitary.
- We reviewed 51 of 1,833 general expenditures from our audit period to determine whether they were allowable, reasonable, and related to Authority operations. We also determined whether they were properly allocated between state and federal programs.
- We reviewed the Authority's cash controls and verified that its deposits were fully insured.
- We tested DHCD grants and payments related to two of the five Authority modernization and development projects that were in progress during the audit period.
- We tested procedures for property and equipment and determined the adequacy of the Authority's controls to protect, and account for, its assets in accordance with DHCD regulations.
- We examined contract-procurement records to verify compliance with applicable laws and DHCD requirements for awarding contracts. We reviewed the Authority's financial reporting and data submissions for compliance with DHCD requirements.

- We determined whether the Authority had been awarded Community Preservation Act funds in conjunction with DHCD funds and, if so, whether it had expended them in accordance with statutes and DHCD requirements.

In addition, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls. Specifically, we performed procedures such as interviewing Authority employees and reviewing relevant documents, statutes, and regulations as well as Authority policies, procedures, and accounting records.

We obtained revenue, subsidy, grant award, and expenditure information generated from information systems maintained by the Commonwealth and by the Authority. Because the Authority is a small agency that makes limited use of information systems, and our testing largely relied on hardcopy source documents, we performed alternative tests to ensure that data provided by the Authority's information systems were reliable. We tested expenditure and rent payment entries in the Authority's system and its fee accountant's system by following these expenses and revenues through both systems and ultimately to original documents (checks and bank statements). We also interviewed the Authority's executive director regarding the Authority's information-system practices. We found that the entries tested in the Authority's system and the fee accountant's system corresponded with the hardcopy source documentation we reviewed. Based on this review, we determined that the data we reviewed were sufficiently reliable for the purposes of this report. Whenever sampling was used, we applied a non-statistical approach, and as a result, we were not able to project our results to the population.