



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

Making government work better

Official Audit Report – Issued March 12, 2020

Southeast Housing Court

For the period July 1, 2017 through March 31, 2019





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Honorable Donna Salvidio, First Justice
Southeast Housing Court
289 Rock Street
Fall River, MA 02720

Dear First Justice Salvidio:

I am pleased to provide this performance audit of the Southeast Housing Court. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2017 through March 31, 2019. My audit staff discussed the contents of this report with management of the court.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

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EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has performed an audit of the Southeast Housing Court (SEHC) for the period July 1, 2017 through March 31, 2019. In this performance audit, we examined SEHC's activities related to the reconciliation of cash receipts and adherence to time standards for summary process (i.e., tenant eviction) cases.

Our audit revealed no significant instances of noncompliance by SEHC that must be reported under generally accepted government auditing standards.

OVERVIEW OF AUDITED ENTITY

The Southeast Housing Court (SEHC) is a department of the Massachusetts Trial Court, which was established by Section 2 of Chapter 755 of the Acts of 1987 and approved January 14, 1988. Section 78 of Chapter 47 of the Acts of 2017 established that SEHC no longer had jurisdiction over Abington, Bridgewater, Brockton, East Bridgewater, West Bridgewater, and Whitman, effective July 1, 2017. However, SEHC continued to hear cases that originated in these communities through August 13, 2018, as part of the communities' transition to the Metro South Housing Court.

According to the state Housing Court's website,

The Housing Court Department has jurisdiction over civil and criminal actions, including equitable relief, which involve the health, safety, or welfare of the occupants or owners of residential housing. The Court hears summary process (eviction) cases, small claims cases, and civil actions involving personal injury, property damage, breach of contract, discrimination, and other claims. The Housing Court also hears code enforcement actions and appeals of local zoning board decisions that affect residential housing. The Housing Court has 15 judges authorized to serve its 6 divisions—Central, Eastern, Northeast, Southeast, Western, and Metro South—and conducts sessions in over 20 locations every week.

SEHC covers the geographic area represented by Barnstable, Bristol, Dukes, Nantucket, and Plymouth Counties, which encompasses 107 cities and towns.

SEHC holds court sessions at its main administrative office at 289 Rock Street in Fall River. In addition to this office, SEHC holds additional court sessions in New Bedford, Taunton, Plymouth, and Barnstable. Because of staffing limitations, SEHC instituted a rolling schedule under which different court locations are open on different days. Currently, the New Bedford location is open on Monday, Thursday, and Friday; the Fall River location on Monday through Thursday; the Taunton location on Tuesday; the Plymouth location on Monday, Wednesday, and Friday; and the Barnstable location on Wednesday. SEHC has 28 employees, who work at the different court locations based on this rolling schedule.

As shown below, SEHC received \$1,418,316 in total revenue and processed 13,087 cases during our audit period. Of these, 7,244 were summary process cases.

Fiscal Year	Revenue Received	All Processed Cases	Summary Process Cases
2018	\$ 872,173	8,016	3,679
2019 (through March 31, 2019)	546,143	5,071	3,565
Total	<u>\$ 1,418,316</u>	<u>13,087</u>	<u>7,244</u>

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Southeast Housing Court (SEHC) for the period July 1, 2017 through March 31, 2019.

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 and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Does SEHC reconcile cash receipts in accordance with Sections 1, 2, and 4 ¹ of the Trial Court's <i>Fiscal Systems Manual</i> ?	Yes
2. Does SEHC adhere to the time standards in Section VI of the Housing Court's <i>Standing Order 1-04</i> and Sections 2(c), 6, 7(a), and 7(b) of the Trial Court's <i>Rule 1: Uniform Summary Process Rules</i> ?	Yes

To achieve our objectives, we gained an understanding of the internal controls related to our audit objectives by reviewing applicable laws and agency policies and procedures, as well as conducting interviews with SEHC management. Further, we evaluated the design and tested the operating effectiveness of controls over the reconciliation of cash receipts and adherence to time standards for processing court cases.

Data Reliability

To ensure the reliability of the evidence we obtained, and to determine whether the population was accurate and complete, we selected a judgmental sample of 20 hardcopy case file docket numbers and traced them to the case file docket number list that the state Administrative Office of the Housing Court

1. Section 1 of the *Fiscal Systems Manual* is titled "Docketing and Receipting Funds," Section 2 is titled "End of Day Closing Procedures," and Section 4 is titled "Monthly Closing Procedures."

provided to us. We then judgmentally selected an additional 20 case file docket numbers from that list and determined whether they matched the hardcopy case file docket numbers.

Based on the results of these assessment procedures, we determined that the information obtained for our audit period was sufficiently reliable and complete for the purposes of our audit work.

We used statistical random sampling for our substantive testing, but we will not project our results to the entire population.

Reconciliation of Cash Receipts

We obtained a list of all case file docket numbers from the state Administrative Office of the Housing Court for our audit period and selected a random statistical sample of 24 summary process case files from a population of 7,244, using a 90% confidence level and a 10% tolerable error rate. We reviewed the cash receipts in the case files, which totaled \$1,755, and traced those receipts through the entire reconciliation process. We determined whether the cashier and bookkeeper were different employees to ensure segregation of duties. We traced the docket receipts to determine whether they matched the bank deposit slips for the same day and whether deposit verifications were conducted twice a week. We then traced the receipts to the Final Receipt Listing Report² to verify that they matched. We reviewed the daily cash sheets to determine whether they accurately represented cash, credit card, or check amounts; were verified by a second person; and were completed by 2:00 p.m. or the close of the business day. We determined whether all required reconciliation forms were completed by the 15th of the following month, were retained, were accurate, and were submitted to the Office of Court Management's Fiscal Affairs Department. We reviewed the bank statement ending balances to determine whether they matched the beginning balances on the State Treasurer Activity Report.³ Finally, we determined whether SEHC disbursed all funds received to the Office of Court Management's Fiscal Affairs Department at the end of each month.

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2. A Final Receipt Listing Report is required by Section 2 of the Trial Court's *Fiscal Systems Manual*. It is a daily report stating the total funds received as of the end of each day.
 3. A State Treasurer Activity Report is required by Section 4 of the Trial Court's *Fiscal Systems Manual*. It details beginning and ending cash deposit amounts and is compiled monthly by each division of the Housing Court as part of the receipt reconciliation process.

Adherence to Time Standards

We obtained a list of all case file docket numbers from the state Administrative Office of the Housing Court for our audit period and selected a random statistical sample of 24 summary process case files from a population of 7,244, using a 90% confidence level and a 10% tolerable error rate. We reviewed each case file and determined what date each entry was filed and whether a continuance of each case was needed or rescheduled. We reviewed each case and determined whether a request for discovery of evidence was filed, responded to, and served within recommended timeframes. We verified that if a motion to strike the discovery of evidence was made, a trial date was moved. We determined whether non-jury and jury trials were scheduled appropriately and whether any counterclaims were issued and completed within required timeframes.