



# The Commonwealth of Massachusetts

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**INDEPENDENT STATE AUDITOR'S REPORT  
ON CERTAIN ACTIVITIES OF THE  
BREWSTER HOUSING AUTHORITY  
JULY 1, 2005 TO FEBRUARY 29, 2008**

**OFFICIAL AUDIT  
REPORT  
SEPTEMBER 22, 2008**

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**INTRODUCTION**
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In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Brewster Housing Authority for the period July 1, 2005 to February 29, 2008. The objectives of our audit were to assess the adequacy of the Authority's management control system for measuring, reporting, and monitoring the effectiveness of its programs and to evaluate its compliance with laws, rules, and regulations applicable to each program. In addition, we reviewed the Authority's progress in addressing the conditions noted in our prior audit report (No. 2006-0659-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 32-month period ended February 29, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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**AUDIT RESULTS**
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**1. PRIOR AUDIT RESULTS RESOLVED**
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**a. Results of Inspections – Compliance with State Sanitary Code**
**3**

The Department of Housing and Community Development (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. Our prior audit (No. 2006-0659-3A) of the Brewster Housing Authority, which covered the period July 1, 2003 to June 30, 2005, noted 13 instances of noncompliance with Chapter II of the State Sanitary Code. Our current review determined that the Authority applied for and received funding from DHCD to address the issues noted in our prior audit report. Based on this action, we have determined that the Authority has taken adequate steps to comply with DHCD requirements pertaining to safe and sanitary housing.

**b. Availability of Land to Build Affordable Housing Units**
**3**

Our prior audit reported that the Authority had approximately nine acres of land located on Brewster Road that could be used to build affordable housing. Our current review noted that the Authority, in a collaborative effort with the Housing Assistance Corporation, has built a Federal Section 202 development on three acres. This development was occupied in fiscal year 2007, and the Authority is actively working with the Town of Brewster, DHCD, and other funding sources to develop the remaining six acres for affordable housing.

**2. PRIOR AUDIT RESULT UNRESOLVED - VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES****3**

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DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy units within 21 working days of their being vacated by a tenant. Our prior audit found that during the period July 1, 2003 through June 30, 2005, the Authority's average turnaround time for reoccupying vacant units was 100 days.

Although the Authority has successfully reduced its unit turnaround time, further improvements are needed. Our follow-up review revealed that the vacant unit turnaround time ranged from five to 77 days. However, the Executive Director stated that several factors prevented the Authority from filling vacated units in a timely manner, including the extensive time needed to rehabilitate the units since it employs only one maintenance person. The Authority should request funding from DHCD to hire additional personnel for its maintenance needs, encourage applications by advertising in area newspapers, and contact local social service agencies. It should also consider having outside contractors, if necessary and economically feasible, prepare vacant apartments for reoccupancy.

In response to our draft audit report, the Authority indicated that improvements in turnover time have been made, and that DHCD has approved additional funding to hire a part-time maintenance worker.

## INTRODUCTION

### *Audit Scope, Objectives, and Methodology*

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Brewster Housing Authority for the period July 1, 2005 to February 29, 2008. The objectives of our audit were to assess the adequacy of the Authority's management control system for measuring, reporting, and monitoring the effectiveness of its programs, and to evaluate its compliance with laws, rules, and regulations applicable to each program.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary.

To achieve our audit objectives, we reviewed the following:

- Tenant-selection procedures to verify that tenants were selected in accordance with Department of Housing and Community Development (DHCD) regulations.
- Vacancy records to determine whether the Authority adhered to DHCD procedures for preparing and filling vacant housing units.
- Annual rent-determination procedures to verify that rents were calculated properly and in accordance with DHCD regulations.
- Accounts receivable procedures to ensure that rent collections were timely and that uncollectible tenant accounts receivable balances were written off properly.
- Site-inspection procedures and records to verify compliance with DHCD inspection requirements and that selected housing units were in safe and sanitary condition.
- Procedures for making payments to employees for salaries, travel, and fringe benefits to verify compliance with established rules and regulations.
- Property and equipment inventory control procedures to determine whether the Authority properly protected and maintained its resources in compliance with DHCD requirements.
- Modernization and Development awards to verify that contracts were awarded properly and that funds were received and disbursed in accordance with the contracts, and to determine the existence of any excess funds.

- Contract procurement procedures and records to verify compliance with public bidding laws and DHCD requirements for awarding contracts.
- Cash management and investment policies and practices to verify that the Authority maximized its interest income and that its deposits were fully insured.
- Procedures for making payments to landlords under the Massachusetts Rental Voucher Program to verify compliance with contract provisions and that rental charges by landlords were consistent with established rules and regulations.
- DHCD-approved operating budgets for the fiscal year in comparison with actual expenditures to determine whether line-item and total amounts by housing program were within budgetary limits and whether required fiscal reports were submitted to DHCD in a complete, accurate, and timely manner.
- Operating reserve accounts to verify that the Authority's reserves fell within DHCD provisions for maximum and minimum allowable amounts and to verify the level of need for operating subsidies to determine whether the amount earned was consistent with the amount received from DHCD.
- The Authority's progress in addressing the issues noted in our prior report (No. 2006-0659-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 32-month period ended February 29, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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## AUDIT RESULTS

### 1. PRIOR AUDIT RESULTS RESOLVED

#### a. Results of Inspections – Compliance with State Sanitary Code

The Department of Housing and Community Development (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. Our prior audit (No. 2006-0659-3A) of the Brewster Housing Authority, which covered the period July 1, 2003 to June 30, 2005, noted 13 instances of noncompliance with Chapter II of the State Sanitary Code, including worn countertops and cabinets, rotted window sills, cracked walkways, and worn shingles. Our current review determined that the Authority applied for and received funding from DHCD to address the issues noted in our prior audit report. Based on this action, we have determined that the Authority has taken adequate steps to comply with DHCD requirements pertaining to safe and sanitary housing.

#### b. Availability of Land to Build Affordable Housing Units

Our prior audit reported that the Authority had approximately nine acres of land located on Brewster Road that could be used to build affordable housing. The need for additional housing is justified, considering that as of June 30, 2005, there were over 80 applicants on the Authority's waiting list. Furthermore, the cost to build additional housing on Authority property would be considerably less, since the Authority already owns the land and there would be no acquisition costs. Our current review disclosed that the Authority, in a collaborative effort with the Housing Assistance Corporation, has built a Federal Section 202 development on three acres. This development was occupied in fiscal year 2007, and the Authority is actively working with the Town of Brewster, DHCD, and other funding sources to develop the remaining six acres for affordable housing.

### 2. PRIOR AUDIT RESULT UNRESOLVED – VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy units within 21 working days of their being vacated by a tenant. Our prior audit found that during the period July 1, 2003 through June 30, 2005, the Authority's average turnaround time for reoccupying vacant units was 100 days. Furthermore, as of June 30, 2005, there were six vacant

units at the Authority's Family and Elderly developments and over 80 applicants on the Authority's waiting list.

Although the Authority has successfully reduced its unit turnaround time, further improvements are still needed. Our follow-up review revealed that the vacant unit turnaround time ranged from five to 77 days. During the audit period the Authority experienced 20 vacancies. We found that two units in the 667 Elderly Program exceeded DHCD's limit for reoccupying vacant units by 12 and 61 days, respectively. In addition, seven units in the 705 Family Program exceeded DHCD's limit for reoccupying vacant units from five to 77 days. Consequently, the Authority may have lost the opportunity to earn potential rental income net of maintenance and repair costs and may have lost the opportunity, at least temporarily, to provide needy citizens with subsidized housing.

The Executive Director stated that several factors prevented the Authority from filling vacated units in a timely manner, including the following:

- Several of the vacated units were in poor condition and required extensive time to repair, and consequently led to delays in rehabilitating other vacated units.
- Second floor units in the elderly development have been consistently turned down due to the physical limitations of the applicants.
- When a first-floor unit becomes vacant, a tenant on the second floor with medical reasons may transfer to the first-floor unit, resulting in a second-floor vacancy.
- The Authority employs only one maintenance person who works 40 hours per week. He is responsible for completing day-to-day maintenance projects, in addition to preparing vacant units for reoccupancy.
- The Authority has a long waiting list and several applicants have either found other housing, turned down the units, or are no longer at the address and phone number on their applications.

We are mindful of these factors, and acknowledge that the Authority is making a good faith effort to prepare and lease units in a timely manner. However, by complying with DHCD's 21-day guideline, the Authority will improve its financial condition and will house the applicants on its waiting lists in a timelier manner.

***Recommendation***

As the collection of tenant rents is the primary revenue source for the Authority, it should make every effort to ready its units for reoccupancy in accordance with DHCD guidelines. Moreover, the Authority should prioritize rehabilitating and reoccupying its vacant units, document the reasons for delays in filling vacant units, and regularly monitor the unit turnaround process to ensure compliance with DHCD guidelines. Also, the Authority should apply for funding from DHCD to hire additional maintenance staff to assist in preparing vacant units for reoccupancy in a timely manner, encourage applications by advertising in area newspapers and contacting local social service agencies, and consider having outside contractors, if necessary and economically feasible, prepare vacant apartments for reoccupancy.

***Auditees Response***

The Authority's Executive Director responded, in part:

*I basically concur with your report. We have improved our turnover time although we still have only one maintenance person to do multi-tasking. DHCD did allow us some extra funding to hire a part-time, temporary worker and we are now interviewing. We hope that we can carry this funding into the next fiscal year to help with turnovers and overall maintenance.*