



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

Making government work better

Official Audit Report – Issued May 8, 2012

Carver Housing Authority

For the period July 1, 2009 through December 31, 2010



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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 Carver Housing Authority for the period July 1, 2009 through December 31, 2010. The objectives of our audit were to review and analyze the Authority's management controls and practices over certain areas and functions for the purpose of determining their adequacy and review its compliance with applicable laws, rules, and regulations. In addition, we reviewed the Authority's progress in addressing the conditions noted in our prior audit report (No. 2008-1285-3A).

Based upon our review we have concluded that, except for the issue addressed in the Audit Results section of this report, for the period July 1, 2009 through December 31, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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Our prior audit of the Authority, which covered the period March 1, 2006 to May 31, 2008, disclosed 21 instances of noncompliance with the State Sanitary Code at the Authority's state-aided housing developments. Our follow-up review disclosed that although the Authority had taken corrective action to remedy one previously noted issue, the remaining 20 instances of noncompliance with the State Sanitary Code remained unresolved.

INTRODUCTION

Background

The Carver Housing Authority is authorized by and operates under the provisions of Chapter 121B of the Massachusetts General Laws. The Authority oversees 20 elderly housing units (667-1 Program), eight family units (705-1 Program), and eight special needs units (689-1 Program).

Audit Scope, Objectives, and Methodology

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 Authority for the period July 1, 2009 through December 31, 2010. The objectives of our audit were to determine the Authority's compliance with applicable laws, rules, and regulations and to review and analyze its management controls and practices over the following areas and functions for the purpose of determining their adequacy: (1) tenant selection; (2) preparation and reoccupation of vacant units; (3) rent determinations; (4) collectability of accounts receivable; (5) site inspections; (6) payroll, travel, and fringe benefits; (7) disbursements; (8) inventory controls over property and equipment; (9) contract procurement; (10) cash management and investment practices; (11) Department of Housing and Community Development (DHCD) approved budgets versus actual expenditures; (12) level of need for operating subsidies and operating reserves; and (13) administration of modernization funds to determine, among other items, the existence of excess funds. In addition, we reviewed the Authority's progress in addressing the conditions noted in our prior audit report (No. 2008-1285-3A).

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.

To achieve our audit objectives, we reviewed the following:

- Tenant-selection procedures to verify that tenants were selected in accordance with 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 and to determine whether the Authority has in place an updated official written property maintenance plan for its managed properties.
- Procedures for making payments for payroll, travel, and fringe benefits to verify compliance with established rules and regulations.
- Authority expenditures to determine whether they were reasonable, allowable, and applicable to the Authority's operations and were adequately documented and properly authorized in accordance with established criteria.
- Property and equipment inventory-control procedures to determine whether the Authority properly protected and maintained its resources in compliance with DHCD requirements.
- 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.
- 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.
- Modernization 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.
- The Authority's progress in addressing the issue noted in our prior audit report (No. 2008-1285-3A).

Based on our review we have concluded that, except for the issue addressed in the Audit Results section of this report, for the period July 1, 2009 through December 31, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

PRIOR AUDIT RESULT UNRESOLVED – NONCOMPLIANCE WITH THE STATE SANITARY CODE

Our prior audit (No. 2008-1285-3A) of the Carver Housing Authority, which covered the period March 1, 2006 to May 31, 2008, disclosed 21 instances of noncompliance with the State Sanitary Code at the Authority's state-aided housing developments.

The Department of Housing and Community Development's (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. During our prior audit, inspections of selected Authority housing units revealed 21 instances of noncompliance with the State Sanitary Code, including shattered glass in sliding doors at several units; missing, warped, and broken shingles on exterior siding; rusted and rotted support posts and door frames; and flaking paint, mold, and mildew on the exterior of buildings.

Our follow-up review revealed that although the Authority had taken corrective action to repair a sliding glass door at one unit, the remaining 20 instances of noncompliance with the State Sanitary Code still existed. However, the Authority indicated that it intends to use funding received under DHCD's Formula Funding Program for fiscal year 2012 to continue the repair and renovation of its housing units.

Recommendation

The Authority should continue its efforts to use fiscal year 2012 DHCD Formula Funding Program funds to correct the remaining instances of noncompliance with the State Sanitary Code in order to provide its tenants with safe, decent, and sanitary housing.

Auditee's Response

The Authority indicated that it concurred with our audit's finding and recommendation but declined to provide a written response.