



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

Making government work better

Official Audit Report – Issued January 15, 2015

Dighton Housing Authority

For the period July 1, 2012 through June 30, 2014





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Mr. Edward J. Olney, Chairman
Dighton Housing Authority
300 Lincoln Avenue
North Dighton, MA 02764

Dear Mr. Olney:

I am pleased to provide this performance audit of the Dighton Housing Authority. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2012 through June 30, 2014. My audit staff discussed the contents of this report with management of the Authority.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

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 Dighton Housing Authority for the period July 1, 2012 through June 30, 2014. The objectives of our audit were to review and analyze the Authority's management controls and practices and determine whether it complied with applicable laws, rules, and regulations.

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, inventory of property and equipment, compliance with reporting requirements, and expenditure of modernization funds.

Based on our audit, we have concluded that the Dighton Housing Authority has established adequate management controls and practices in the areas reviewed that were related to our audit objectives. We did not identify any significant deficiencies in those areas.

OVERVIEW OF AUDITED ENTITY

The Dighton Housing Authority is authorized by, and operates under, the provisions of Chapter 121B of the Massachusetts General Laws, as amended. Its administrative offices are at 300 Lincoln Avenue, North Dighton, Massachusetts. The Authority currently manages and oversees 64 units of state housing for elderly tenants, as well as 8 units of state housing for special-needs tenants.

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 Dighton Housing Authority for the period July 1, 2012 through June 30, 2014.

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. Were the Authority's expenditures allowable, related to its operations, and compliant with the requirements of the Department of Housing and Community Development (DHCD)?	Yes
2. Did the Authority determine tenant eligibility, placement, and monthly rent in accordance with DHCD regulations?	Yes
3. Did the Authority procure goods and services in accordance with Chapter 30B of the General Laws?	Yes
4. Did the Authority perform site inspections of its housing units each year?	Yes
5. Did the Authority perform and schedule annual inventories of property and equipment?	Yes
6. Did the Authority comply with DHCD requirements for financial reporting and data collection?	Yes
7. Was modernization money, if awarded, spent in accordance with DHCD regulations?	Yes

To achieve our audit objectives, we gained an understanding of, and tested, the relevant internal controls for financial operations, tenant selection and occupancy, vacancies, annual rent determinations, site inspections, property maintenance, administrative expenses, property and

equipment, and contract procurement, as well as modernization. In addition, we performed procedures in the following areas:

- We reviewed all travel expenditures and verified compliance with established policies.
- 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 adhered to DHCD procedures for preparing and filling vacant housing units.
- We tested 10 of 64 annual rent determinations to verify that rents were calculated properly and in accordance with DHCD guidelines.
- We tested tenant accounts receivable to ensure that rent collections were timely and that uncollectible tenant accounts receivable balances were written off properly.
- We reviewed site-inspection records to verify compliance with DHCD inspection requirements and determine whether selected housing units were in safe and sanitary condition.
- We reviewed 29 of 721 general expenditures for appropriateness and compliance with established policy.
- We reviewed cash management and investment policies and practices to verify that the Authority maximized its interest income and that its deposits were fully insured.
- We tested DHCD grants and Authority payments related to modernization contractors.
- 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 verified the DHCD-approved operating budgets for fiscal years 2013 and 2014 in comparison with actual expenditures. We also reviewed line-item and total amounts to ensure that they were within budgetary limits.
- We reviewed the adequacy of procedures in effect to collect data and ensure that required reports were complete, accurate, and submitted to DHCD in a timely manner.

We obtained revenue, subsidy, grant award, and expenditure information generated from information systems maintained by the Commonwealth and by the Authority. We compared this information with source documents and interviewed knowledgeable Authority personnel about the data. Information system controls were not an integral part of the Authority's internal controls, so we did not consider it necessary to evaluate information system controls. When performing our audit, we relied on hardcopy

source documents, which we tested for accuracy and completeness. We determined that the data 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.