



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI
AUDITOR

TEL. (617) 727-6200

NO. 2009-0667-3A

**INDEPENDENT STATE AUDITOR'S REPORT
ON CERTAIN ACTIVITIES OF THE
GRANBY HOUSING AUTHORITY
JULY 1, 2006 TO SEPTEMBER 30, 2008**

**OFFICIAL AUDIT
REPORT
JANUARY 23, 2009**

TABLE OF CONTENTS/EXECUTIVE SUMMARY

INTRODUCTION

1

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 Granby Housing Authority for the period July 1, 2006 to September 30, 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. 2006-0667-3A).

Based on our review, we have concluded that, during the 27-month period ended September 30, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

3

STATUS OF PRIOR AUDIT RESULTS

3

Our prior audit (No. 2006-0667-3A) of the Granby Housing Authority, which covered the period July 1, 2003 to June 30, 2005, disclosed that improvements were needed regarding (a) unauthorized accrual and use of compensatory time, (b) required tenant selection ledgers, and c) the Authority's records management. Our follow-up review indicated that the Authority has taken action to address these issues, as discussed below.

a. Accrual and Use of Compensatory Time

3

Our prior audit revealed that the Authority's Executive Director was allowed to accrue and use compensatory time, contrary to the Department of Housing and Community Development's (DHCD) policies. The Executive Director's DHCD-approved employment contract authorized her services for 16 hours per week. We noted that time and attendance records, maintained by the Executive Director, documented that she worked more than the scheduled time and received compensatory time off in return. DHCD allows for compensatory time for administrative and maintenance staff, but not for Executive Directors. Neither the Authority's Commissioners nor the Executive Director were aware of DHCD's policy. Our follow-up review revealed that the Executive Director no longer accrues or uses compensatory time.

b. Tenant Selection Ledgers Maintained

3

Our prior audit disclosed that the Authority did not maintain Waiting List Ledgers as required by 760 Code of Massachusetts Regulations 5.16 (2). While our prior audit was in progress, the Executive Director started to enter eligible applicants onto the Authority's handwritten Waiting List Ledgers. During our current audit, we noted that the Authority has continued to utilize both the handwritten and on-line ledgers.

c. Improvements Made in Records Management

3

Our prior audit noted that certain required documents could not be located at the Authority, including its management plan, board minutes prior to 2000, and original bylaw documents certified by the Secretary of State. Our current audit noted that the Authority had developed its management plan into a useable and adequate document, board minutes from June 2000 are stored in a locked cabinet, and the Authority's by-laws were located.

INTRODUCTION

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 Granby Housing Authority for the period July 1, 2006 to September 30, 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.
- 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.
- 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.
- The Authority's progress in addressing the issues noted in our prior audit report (No. 2006-0667-3A).

Based on our review, we have concluded that, during the 27-month period ended September 30, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

STATUS OF PRIOR AUDIT RESULTS

Our prior audit (No. 2006-0667-3A) of the Granby Housing Authority, which covered the period July 1, 2003 to June 30, 2005, disclosed that improvements were needed regarding (a) unauthorized accrual and use of compensatory time, (b) required tenant selection ledgers, and c) the Authority's records management. Our follow-up review indicated that the Authority has taken action to address these issues, as discussed below.

a. Accrual and Use of Compensatory Time

Our prior audit revealed that the Authority's Executive Director was allowed to accrue and use compensatory time, contrary to the Department of Housing and Community Development's (DHCD) policies. The Executive Director's DHCD-approved employment contract authorized her services for 16 hours per week. We noted that time and attendance records, maintained by the Executive Director, documented that she worked more than the scheduled time and received compensatory time off in return. DHCD allows for compensatory time for administrative and maintenance staff, but not for Executive Directors. Neither the Authority's Commissioners nor the Executive Director were aware of DHCD's policy. Our follow-up review revealed that the Executive Director no longer accrues or uses compensatory time.

b. Tenant Selection Ledgers Maintained

Our prior audit disclosed that the Authority did not maintain Waiting List Ledgers as required by 760 Code of Massachusetts Regulations 5.16 (2). While our prior audit was in progress, the Executive Director started to enter eligible applicants onto the Authority's handwritten Waiting List Ledgers. During our current audit, we noted that the Authority has continued to utilize both the handwritten and on-line ledgers.

c. Improvements Made in Records Management

Our prior audit noted that certain required documents could not be located at the Authority, including their management plan, board minutes prior to 2000, and original bylaw documents certified by the Secretary of State. Our current audit noted that the Authority had developed its management plan into a useable and adequate document, board minutes from June 2000 are stored in a locked cabinet, and the Authority's by-laws were located.