

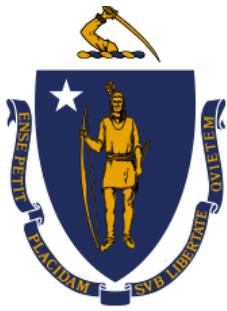


OFFICE OF THE INSPECTOR GENERAL
COMMONWEALTH OF MASSACHUSETTS

JEFFREY S. SHAPIRO
INSPECTOR GENERAL

**Mashpee Housing Authority:
Review of Contract with Former
Executive Director**

FEBRUARY 10, 2023



JEFFREY S. SHAPIRO
INSPECTOR GENERAL

The Commonwealth of Massachusetts Office of the Inspector General

JOHN W. McCORMACK
STATE OFFICE BUILDING
ONE ASHBURTON PLACE
ROOM 1311
BOSTON, MA 02108
TEL: (617) 727-9140
WWW.MASS.GOV/IG

February 10, 2023

Via Electronic Mail

Kimberly Conn, Executive Director
Mashpee Housing Authority
766 Falmouth Road, #A4
Mashpee, MA 02649
director@mashpeehousing.org

Jill Allen, Chair, Board of Commissioners
Mashpee Housing Authority
766 Falmouth Road, #A4
Mashpee, MA 02649
allenjill455@gmail.com

Secretary Yvonne Hao
Executive Office of Housing and Economic
Development
1 Ashburton Place, Room 2101
Boston, MA 02108
Yvonne.Hao@mass.gov

Undersecretary Jennifer Maddox
Department of Housing and Community
Development
100 Cambridge Street, Suite 300
Boston, MA 02114
Jennifer.Maddox@mass.gov

**Re: Mashpee Housing Authority: Consulting Contract with
Former Executive Director Leila Botsford**

Dear Executive Director Conn, Chair Allen, Secretary Hao and Undersecretary Maddox:

Pursuant to Chapter 12A of the Massachusetts General Laws, the Office of the Inspector General (OIG) has conducted a review of what it believes to have been an improper contract between the Mashpee Housing Authority (MHA) and former Executive Director Leila Botsford, which Ms. Botsford entered into while she was still working for the housing authority.

Specifically, this report details what can happen when an executive director or other member of senior leadership in a small public agency exercises significant control over agency decision-making without appropriate oversight by the agency's governing board. As the OIG views this, the apparent failure of board members to fully understand their fiduciary responsibilities and provide the necessary oversight can easily create significant risks of fraud, waste or abuse of public funds.

In the report, the OIG identifies practical measures boards can implement to fulfill their fiduciary obligations by providing oversight of high-risk transactions and ensuring that there are checks and balances as well as reconciliations for the day-to-day work delegated to executive directors and other senior agency staff. Most importantly, board members must be aware of and trained to meet their fiduciary responsibilities to ensure proper compliance, mitigation of risk and protection of agency resources.

Additionally, while one jurisdiction may contract with another city or town to provide oversight and management of their public housing programs, that contractual relationship does not extinguish the fiduciary and oversight responsibilities of the contracting community. Here, for example, the towns of Brewster, Carver and Mattapoisett contracted with MHA to manage their public housing programs, and MHA continues to manage public housing programs in Brewster and Mattapoisett. The OIG emphasizes that such delegation does not relieve the original jurisdiction of its own oversight and management responsibilities.

Sincerely,



Jeffrey S. Shapiro
Inspector General

cc: Executive Director David A. Wilson, State Ethics Commission (David.A.Wilson@mass.gov)
State Representative David T. Viera (David.Viera@mahouse.gov)
State Senator Susan L. Moran (Susan.Moran@masenate.gov)
Mashpee Town Manager Rodney C. Collins (Rccollins@mashpeema.gov)
Mashpee Select Board Chair David W. Weeden (Dweeden@mashpeema.gov)
State Representative Christopher Richard Flanagan (Christopher.Flanagan@mahouse.gov)
State Senator Julian Cyr (Julian.Cyr@masenate.gov)
Brewster Town Manager Peter Lombardi (Plombardi@brewster-ma.gov)
Brewster Select Board Chair David Whitney (Dwhitney@brewster-ma.gov)
State Representative William Straus (William.Straus@mahouse.gov)
State Senator Mark T. Montigny (Mark.Montigny@masenate.gov)
Mattapoisett Town Administrator Michael C. Lorencio (Mlorenco@mattapoisett.com)
Mattapoisett Select Board Chair R. Tyler Macallister (Tmacallister@mattapoisett.com)

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EXECUTIVE SUMMARY

Ms. Leila Botsford served as the executive director of Mashpee Housing Authority (MHA) from 1998 until she retired in October 2020.¹ As executive director, she was a steward of MHA funds with an obligation to ensure that all financial decisions benefitted the agency and complied with applicable law. In May 2020, while still employed as executive director, she entered into a contract with MHA to manage Asher's Path Apartments, a 52-unit low-income development for individuals over the age of 55. The contract took effect upon Ms. Botsford's retirement from her executive director position. The Office of the Inspector General (OIG) reviewed Ms. Botsford's consulting contract with MHA and the circumstances surrounding the formation of this contract.

The OIG identified several concerns related to Ms. Botsford's consulting contract with MHA:

1. The MHA Board of Commissioners (Board) violated Massachusetts procurement law by failing to solicit bids or proposals when hiring Ms. Botsford as an independent contractor.
2. The Board failed to review Ms. Botsford's consulting contract and was therefore unaware of the terms of the contract before approving it.
3. Ms. Botsford acted in her own interest and not in the best interest of MHA when, as MHA's executive director, she presented her own contract to the Board for approval.
4. Ms. Botsford improperly arranged for herself to receive health insurance benefits through the Group Insurance Company (GIC), which should not have been available to her as an independent contractor.

MHA terminated Ms. Botsford's consulting contract on March 19, 2021 after its legal counsel determined that MHA improperly procured Ms. Botsford's services. On March 20, 2021, the day after the Board terminated the contract, someone accessed MHA's computer system without authorization. This person or persons:

1. Scheduled nearly \$112,000 in direct deposit payments to Ms. Botsford's personal account;
2. Forwarded attorney-client privileged emails between MHA's attorney and the executive director who succeeded Ms. Botsford, which contained information about Ms. Botsford's consulting contract, to Ms. Botsford's personal email account; and
3. Changed the email address on a seldom used MHA escrow account to Ms. Botsford's personal email address.

¹ Although Ms. Botsford used the term "retirement" to describe her departure from MHA, she did not file a retirement application with the Barnstable County Retirement Association and is not collecting a public pension. Questions remain regarding Ms. Botsford's status as a member of the retirement system and the actions she took as MHA executive director.

MHA's new executive director discovered the scheduled direct deposit payments and email issues that same day, March 20, 2021, and worked with MHA's IT consultant to cancel the payments and reinstate the proper email contact information on MHA's bank account.

The Board's lack of care and failure to meet its fiduciary responsibilities in approving Ms. Botsford's contract affected MHA financially. In May 2021, Ms. Botsford filed a federal lawsuit against MHA, citing the termination of her contract. In November 2021, MHA paid Ms. Botsford \$73,500 as part of a settlement agreement.

Based on its review, the OIG recommends MHA take the following corrective actions:

1. Require all current and future Board members to complete the "Boards and Commissions: Know Your Responsibilities" and "Contract Administration" trainings offered by the OIG's Massachusetts Certified Public Purchasing Official (MCPPO) program and review the OIG's ["Guide for Members of Public Boards and Commissions."](#)
2. Provide complete information about Ms. Botsford's consulting contract to the State Ethics Commission to determine whether she violated state conflict of interest laws.
3. Review and update MHA policies and procedures for the following:
 - a. Procuring supplies and services;
 - b. Administering contracts for supplies and services; and
 - c. Drafting and reviewing contracts for personnel services, including salary and benefits.
4. Review Department of Housing and Community Development (DHCD) regulations and policies for contracting with executive directors.
5. Develop written guidelines about fiduciary responsibilities for Board members, ensure that all current and future Board members review these guidelines annually and maintain records of such.

Additionally, the OIG recommends MHA and all housing authorities take the following actions:

1. Retain legal counsel to review contracts as needed. Counsel should have expertise in: (a) collective bargaining agreements; (b) analysis of the financial and legal consequences of contract terms; (c) conflict of interest issues; and (d) compliance with Massachusetts law and DHCD regulations and guidelines.
2. Ensure that all contracts meet procurement requirements and are financially sound.
3. Require that board members review all contracts and periodically analyze contract costs.
4. Comply with state conflict of interest and ethics law.
5. Update and maintain security standards and access policies to ensure the safety of housing authority records and IT resources.

6. Develop written onboarding and offboarding procedures to ensure that, upon separation from employment, the agency terminates all physical, virtual and technology access held by an employee, including access to cloud-based records and email systems.

BACKGROUND

I. The Office of the Inspector General

The Office of the Inspector General (OIG) is an independent state agency charged with preventing and detecting fraud, waste and abuse in the use of public funds and assets in Massachusetts. In keeping with its mandate, the OIG investigates allegations of fraud, waste and abuse at all levels of government; evaluates programs and practices in state agencies and local municipalities to identify systemic vulnerabilities and opportunities for improvement; and provides assistance to the public and private sectors to help prevent fraud, waste and abuse in government spending.

II. Mashpee Housing Authority

Mashpee Housing Authority (MHA) is a public entity that administers public housing in the town of Mashpee. Specifically, MHA operates twenty-four one-bedroom housing units for the elderly and people with disabilities and six three-bedroom family housing units. In addition, MHA has management agreements to oversee the Brewster Housing Authority (56 housing units) and the Mattapoisett Housing Authority (64 housing units). MHA also had a management agreement to oversee the Carver Housing Authority (30 housing units) from March 2018 until June 2021. Through these agreements, MHA's executive director also serves as the executive director of those housing authorities and reports to their boards of directors.

MHA also manages a privately owned low-income housing tax credit (LIHTC) property at Asher's Path Apartments (Asher's Path) in Mashpee. Asher's Path is a 52-unit, low-income development for individuals over the age of 55. To qualify for the tax credit, Asher's Path must meet compliance standards based on tenant income levels. In January 2010, MHA entered into a management agreement with Asher's Path to oversee the day-to-day operations of Asher's Path and to ensure that Asher's Path remains in compliance as an LIHTC property.

MHA staff consists of an executive director, an assistant executive director, three maintenance staff and two administrative staff. A five-member board of commissioners (Board) governs MHA.²

III. Ms. Botsford as MHA's Executive Director

Leila Botsford served as the executive director of MHA from 1998 until her retirement on October 31, 2020. As executive director, Ms. Botsford acted as the chief administrative officer and was responsible for the daily operations of MHA. Ms. Botsford was also responsible for the management of Asher's Path and its LIHTC compliance. Prior to her retirement, Ms. Botsford earned \$171,000 a year.

² Three Board members are elected, one is appointed by the governor and one is selected by the tenants' organization.

In September 2020, Ms. Botsford and her husband sold their home in Massachusetts and bought a home in Texas. On November 1, 2020, she began working as a consultant for MHA. At that time, the former assistant executive director under Ms. Botsford began serving as executive director.

IV. Ms. Botsford's Consulting Contract

On April 9, 2020, the Board met in executive session. Ms. Botsford announced that she planned to retire by the end of 2020 but would be willing to continue working for MHA as a consultant to oversee LIHTC compliance for Asher's Path. The Board expressed interest in hiring Ms. Botsford as an independent contractor for this purpose. During the meeting, the Board voted unanimously to begin contract negotiations with Ms. Botsford to work as an independent contractor.

On May 14, 2020, the Board met again in executive session to discuss Ms. Botsford's proposed consulting contract. According to the meeting minutes, Ms. Botsford led the discussion. After minimal deliberation, the Board convened in open session and voted unanimously to approve Ms. Botsford's consulting contract, which would become effective November 1, 2020, the day after Ms. Botsford's retirement.

The contract, which ran through December 31, 2023, classified Ms. Botsford as an independent contractor. Under the terms of the contract, Ms. Botsford was responsible for the oversight and administration of Asher's Path. Her duties included approving all Asher's Path tenant applications, certifying LIHTC compliance, preparing annual budgets and annual reports, and assisting with the preparation of audits and tax returns. The contract required Ms. Botsford to visit Asher's Path at least four times each year. Additionally, she was to assist MHA, on an as-needed basis, with the hiring of a new executive director and their transition into that role. Per the contract, MHA would provide Ms. Botsford with a computer and access to the computer software necessary to perform her duties.

The contract established the following compensation for Ms. Botsford:

1. \$55,000 from November 1, 2020 until December 31, 2021.
2. \$57,000 from January 1, 2022 until December 31, 2022.
3. \$59,000 from January 1, 2023 until December 31, 2023.

Under the contract, Ms. Botsford could also earn an additional \$80 per hour for training a new executive director for MHA. The contract also required MHA to provide Ms. Botsford with the health insurance of her choice. The contract further required MHA to reimburse Ms. Botsford up to \$4,000 in annual travel expenses related to the oversight of the Asher's Path property.

The contract allowed Ms. Botsford to create her own schedule and capped her number of work hours at 25 per week. The contract did not establish minimum work hours. Moreover, it specified MHA would pay Ms. Botsford every two weeks without requiring her to submit invoices or timesheets. MHA could terminate the contract at any time; however, such termination would require MHA to pay Ms. Botsford 50% of the remaining value of the contract.

After the contract went into effect, MHA's accountant raised questions to the new executive director about how MHA was paying Ms. Botsford. He expressed concerns about whether MHA was paying her out of the correct account, whether it was appropriate for her to receive health insurance and whether MHA had procured the contract in compliance with Chapter 30B of the Massachusetts General Laws (Chapter 30B). He informed the executive director that these issues could result in a poor annual audit for MHA or repercussions with DHCD. As a result, MHA hired legal counsel to determine whether MHA had properly procured the contract.

On March 4, 2021, legal counsel determined MHA did not follow Chapter 30B when it procured Ms. Botsford's services as an independent contractor.³ Because the process violated Chapter 30B, legal counsel concluded that the contract was invalid and MHA could not make payments under the contract.⁴ On Friday, March 19, 2021, MHA's counsel notified Ms. Botsford that the contract was invalid and that MHA was terminating its agreement with her.

On May 18, 2021, Ms. Botsford filed a lawsuit in U.S. District Court for the District of Massachusetts. In her complaint, Ms. Botsford alleged that MHA: (1) violated Section 148B of Chapter 149 of the Massachusetts General Laws by misclassifying her as an independent contractor; (2) violated Section 148 of Chapter 149 of the Massachusetts General Laws by not paying her after it voided her contract; (3) breached its contract with Ms. Botsford; and (4) intentionally and negligently inflicted emotional distress, among other claims.

Ms. Botsford's claims centered on the allegation that MHA misclassified her as an independent contractor during her post-retirement employment. However, Ms. Botsford wrote the contract that classified her as an independent contractor and entered her name in QuickBooks as an MHA vendor, rather than in MHA payroll as a part-time employee. She also drafted minutes from MHA board meetings in which she referred to herself as an independent contractor. It is clear from these actions that she intended to be an independent contractor for MHA. By faulting MHA for misclassifying her position, Ms. Botsford essentially sued her former employer for decisions she made and actions she took.

On November 19, 2021, Ms. Botsford and MHA signed a settlement agreement and mutual release. Under the agreement, MHA agreed to pay Ms. Botsford \$73,500, nearly half of what Ms. Botsford would have received for the remainder of the contract. On December 3, 2021, the court issued a joint stipulation of dismissal with prejudice.

³ Although employment agreements are excluded from the definition of "services" under Chapter 30B, contracts with independent contractors are subject to the procedural requirements of the statute. *See* M.G.L. c. 30B, § 2.

⁴ *See id.* at § 17(b).

FINDINGS

I. Ms. Botsford improperly arranged her own consulting contract in violation of state procurement law and her duties and obligations to MHA.

On April 9, 2020, Leila Botsford informed the Board during executive session that she intended to retire from her position as executive director by the end of the year. According to the meeting minutes, Ms. Botsford said she would be willing to continue to work for MHA as a consultant to ensure Asher's Path LIHTC compliance and asked whether the Board was interested in her continuing her services. The Board voted to begin contract negotiations with Ms. Botsford to work as an independent contractor after she retired from MHA. As executive director, Ms. Botsford wrote and signed Board meeting minutes.

However, the Board did not conduct contract negotiations with Ms. Botsford. According to Board members, Ms. Botsford drafted the contract in its entirety and presented it to the Board in advance of its May 14, 2020 meeting. The minutes for this meeting, which Ms. Botsford drafted, reflect minimal discussion about the terms of the contract. The minutes included Ms. Botsford's reannouncement that she would retire on October 31, 2020. The Board then approved a motion to execute a consulting contract with Ms. Botsford with an effective date of November 1, 2020. The Board chair and the Board treasurer signed the contract during that meeting.

Prior to retiring as executive director, Ms. Botsford added herself as a new vendor in MHA's QuickBooks accounting software. She told the new executive director that QuickBooks would issue a check payable to Ms. Botsford every two weeks when it printed checks for MHA vendors. She also told the new executive director that the Board wanted her to continue as an independent contractor to oversee Asher's Path tax compliance, and because everything was already configured in QuickBooks, all the executive director would need to do was sign and mail the check. In addition, Ms. Botsford contacted the Group Insurance Commission (GIC), the state agency that provides health insurance to public employees, to set up the health insurance required by her consulting contract.

A. Ms. Botsford did not fulfill her obligation as MHA's chief procurement officer to procure consultant services in compliance with Chapter 30B.

The Board failed to follow Chapter 30B of the Massachusetts General Laws (Chapter 30B) when it sought to hire a consultant to assume some of Ms. Botsford's duties after her retirement. Chapter 30B requires local governmental bodies, including housing authorities, to use an advertised competitive process to award contracts for supplies or services that cost more than \$50,000. Therefore, Chapter 30B required MHA to issue an invitation for bids (IFB) under Section 5 of Chapter 30B or a request for proposals (RFP) under Section 6 of Chapter 30B to select a vendor.⁵

⁵ See M.G.L. c. 30B, §§ 5-6.

On April 9, 2020, when Ms. Botsford proposed to Board members that they hire her as a consultant, the Board agreed to begin negotiations with Ms. Botsford instead of conducting the process required by statute. Ms. Botsford drafted the scope of the contract, acting as both MHA's chief procurement officer and the vendor. Neither Ms. Botsford nor the Board solicited bids or proposals from other vendors.

MHA should have followed Chapter 30B and issued an IFB or RFP for the consulting services. The Board should have then awarded the contract to the "lowest responsible and responsive bidder" for an IFB or the responsible and responsive vendor with the "most advantageous proposal" for an RFP.⁶ MHA should not have pre-selected a vendor without following the procedural requirements of Chapter 30B. As MHA's executive director and chief procurement officer, Ms. Botsford had a duty to ensure that MHA conducted this procurement process in accordance with state law and federal regulations. She neglected this duty.

B. Ms. Botsford engaged in self-dealing and acted in her own personal interest, not the best interest of MHA, in violation of her obligations to MHA.

As executive director, Ms. Botsford was a steward of MHA funds with an obligation to ensure that all financial decisions benefited the agency and complied with applicable law. Instead, however, she used her position as executive director to draft a contract that enriched herself at the expense of MHA and taxpayers. Ms. Botsford directed the entire process when MHA hired her as a consultant. While serving as executive director, she proposed that she continue working for the agency after retirement, then drafted her own contract, including her pay, benefits, work schedule and duties. As an experienced housing authority executive director, Ms. Botsford should have been aware of the applicable procurement laws and processes. Because this contract affected her personal financial interests, it was incumbent upon Ms. Botsford to have an independent party lead the procurement process and contract negotiations on behalf of MHA. By failing to do this, Ms. Botsford may have violated the Commonwealth's conflict of interest law.⁷

C. Ms. Botsford drafted, and the Board approved, a consulting contract that improperly provided her with GIC health insurance benefits.

MHA provides health insurance to its employees through the GIC. Prior to April 1, 2020, Ms. Botsford declined GIC health insurance, opting instead to use her husband's insurance. On April 1, 2020, less than three weeks before announcing her retirement to the Board and in anticipation of her husband's retirement, Ms. Botsford submitted paperwork to the GIC to enroll her and her husband in health insurance and signed the form as both the applicant and MHA's "authorized official." In her

⁶ See *id.* at §§ 5(g), 6(g).

⁷ See M.G.L.c. 268A, § 19.

communications with the GIC, she noted that she and her husband would likely seek healthcare outside of Massachusetts and asked which plan would be best for nationwide coverage.

Ms. Botsford drafted her consulting contract to provide health insurance benefits. Specifically, the contract required MHA to provide her with health insurance coverage that would be paid in full by MHA.

Prior to retiring on October 31, 2020, Ms. Botsford did not submit any paperwork to the GIC to notify them of her retirement, which resulted in the continuation of her health insurance benefits after she became an independent contractor. However, once Ms. Botsford became an independent contractor on November 1, 2020, she was no longer eligible for health insurance through the GIC because she did not meet the GIC's definition of an eligible employee.⁸ The GIC defines an employee eligible for health insurance, in part, as a person "who works during the [r]egular [w]ork [w]eek of permanent employees . . ."⁹ Because the consulting contract set a maximum number of hours that Ms. Botsford could work each week without specifying a minimum, she did not work a regular work week and therefore, she was not eligible for health insurance through the GIC.

MHA paid \$11,771.28 in health insurance premiums for Ms. Botsford and her husband between November 1, 2020, and April 30, 2021.

Ms. Botsford claims that she discussed her health insurance benefits with the Board during contract negotiations. However, three Board members who served at the time the of the contract approval (the fourth is deceased) stated they did not know the contract provided MHA-funded health insurance to Ms. Botsford and her husband. Additionally, Board meeting minutes, written and signed by Ms. Botsford, reflect no such discussion.

II. The Board did not review Ms. Botsford's consulting contract before approving it or exercise due diligence about the procurement process.

Board members failed to fulfill their oversight responsibilities and did not perform their fiduciary duties as stewards of public funds regarding Ms. Botsford's consulting contract. By their own admission, Board members were not fully aware of the terms of Ms. Botsford's contract, including its total cost. Board members did not ask any substantive questions during contract deliberations and failed to consider the conflict of interest that Ms. Botsford created when she presented an agreement in which she had a personal financial interest.

⁸ Counsel for MHA determined that Ms. Botsford should have been classified as an independent contractor under the statutory three-part test. See M.G.L. c. 149, § 148B. Ms. Botsford subsequently sued MHA, alleging that MHA violated Section 148B of Chapter 149 of the Massachusetts General Laws by misclassifying her as an independent contractor, among other claims. However, as detailed in this report, the contemporaneous words and actions of both Ms. Botsford and the Board prior to November 1, 2020 clearly indicate that she intended to be an independent contractor.

⁹ See 805 CMR 1.02.

In 2020, the Board members included Chair Jill Allen, Treasurer Kevin Shackett, Lisa Meizinger and Richard Halpern.¹⁰ Mr. Halpern passed away in January 2021. All four members attended the April 9, 2020 board meeting at which Ms. Botsford announced her intent to retire and suggested the Board hire her as a consultant. Ms. Allen, Mr. Shackett and Mr. Halpern were also present at the May 14, 2020 Board meeting at which they voted to approve Ms. Botsford's consulting contract. During that meeting, Ms. Allen and Mr. Shackett signed the contract.

Ms. Botsford stated that she spoke extensively with the Board members, especially Ms. Allen and Mr. Halpern, to negotiate the terms of her contract. She estimated that Board members drafted 50% of the language in the contract. Ms. Botsford asserted they discussed her duties, compensation, health insurance benefits and status as a part-time employee.

However, Ms. Allen, Mr. Shackett and Ms. Meizinger stated otherwise. Ms. Allen recalled that she did not review the contract prior to the meeting and that the Board only discussed parts of the contract during the meeting. Mr. Shackett stated that he read the contract but did not understand it. The executive session minutes for this meeting, which Ms. Botsford wrote, show that the only questions Board members asked related to the start date of the contract and what would happen with Asher's Path at the conclusion of the contract. Ms. Allen, Mr. Shackett and Ms. Meizinger were not familiar with the basic terms of Ms. Botsford's consulting contract, including Ms. Botsford's compensation and benefits. All three stated they trusted Ms. Botsford and assumed she would only present a contract that would be in MHA's best interests.

Although local housing authority boards typically delegate procurement duties to the executive director, boards should not do so when the executive director has a personal interest in a contract. Chapter 268A of the Massachusetts General Laws requires a public employee to disclose a personal financial interest in a contract to their appointing authority.¹¹ The appointing authority must then review the situation and either vote to allow the public employee to continue to work on the matter or designate another person to work on the matter instead.¹²

The Board knew Ms. Botsford had an interest in the contract, but the Board failed to acknowledge the inherent conflict or appoint someone other than Ms. Botsford to conduct the procurement. The Board also failed to exercise due diligence regarding the terms of the contract that Ms. Botsford drafted. Instead, the Board awarded Ms. Botsford the contract under the terms and conditions she dictated.

The Board's failure to thoroughly review and understand Ms. Botsford's contract subjected MHA to costly litigation.

¹⁰ The fifth Board seat was vacant in 2020.

¹¹ See M.G.L. c. 268A, § 19(b).

¹² *Id.*

III. After MHA terminated Ms. Botsford's consulting contract, someone accessed MHA's computer system without authorization and scheduled nearly \$112,000 in payments to Ms. Botsford.

While Ms. Botsford was executive director, she installed GoToMyPC on MHA computers to allow her to access computer systems for the MHA-managed housing authorities in Brewster, Carver and Mattapoisett from the MHA office.¹³ Although MHA subsequently switched all four housing authorities to the cloud-based system Microsoft SharePoint, it did not uninstall GoToMyPC from its computers.¹⁴ Additionally, although MHA revoked Ms. Botsford's Microsoft account access when it terminated her contract on March 19, 2021, it did not change the password for GoToMyPC or any other online systems, including online banking. Consequently, someone who logged into the executive director's desktop computer through GoToMyPC would be able to fully control the computer and access MHA's remote systems using the executive director's Microsoft account.

As noted above, counsel for MHA notified Ms. Botsford on Friday, March 19, 2021, that her contract was invalid under Chapter 30B and that MHA would no longer pay her. On Saturday, March 20, 2021, at approximately 11:30 a.m., the executive director went into the MHA office to catch up on work and found that MHA's QuickBooks accounting software had been deleted from her computer. The executive director also discovered that numerous documents related to Asher's Path had been deleted from MHA's SharePoint. Additionally, emails from the executive director's account, including attorney-client privileged communications relating to Ms. Botsford's consulting contract, had been forwarded to Ms. Botsford's personal email address. No one else was in the office when the executive director discovered these changes.

The executive director contacted MHA's IT consultant, and together they recovered the deleted files and restored the executive director's access to QuickBooks. In QuickBooks, they discovered that a direct deposit payment for \$6,576.92 had been scheduled to be sent to Ms. Botsford's personal bank account on Wednesday, March 24, 2021. The payment was labeled "Bonus."¹⁵

In addition, the executive director discovered that the email address for one of MHA's Citizen's Bank savings accounts – a seldom used escrow account – had been changed to Ms. Botsford's personal email address and that 23 direct deposit payments of \$4,583.33 each had been scheduled to be paid from that account to Ms. Botsford. The scheduled payments to Ms. Botsford totaled \$111,993.51. This amount

¹³ GoToMyPC is remote-access software developed by LogMeIn. When installed on a computer, it allows the user to access that computer's desktop from any other device.

¹⁴ Microsoft SharePoint is a web-based system that allows employees of an organization to store and share documents on Microsoft's remote servers. MHA uses SharePoint to store shared files and programs for the housing authorities and properties it oversees.

¹⁵ This amount was consistent with Ms. Botsford's requests for COVID-19 hazard pay, which the Board voted to give its employees after Ms. Botsford retired. The Board determined that Ms. Botsford was no longer an employee and thus not entitled to COVID-19 hazard pay.

mirrored her monthly consulting fees through December 2022. MHA canceled these scheduled payments before the bank paid Ms. Botsford.

The MHA executive director's email account received email notifications on March 20, 2021, that chronicled the events of that morning:

1. The remote-access software GoToMyPC was used at approximately 5:14 a.m. that morning. This software would have allowed someone to remotely access the executive director's desktop computer in the MHA office and control it as if they were sitting at the computer.
2. Files were deleted from MHA's SharePoint at approximately 5:17 a.m.
3. The \$6,576.92 direct deposit payment to Ms. Botsford's personal bank account was scheduled at approximately 5:44 a.m.
4. Emails from the MHA executive director's email account were forwarded to Ms. Botsford's personal email account at 5:50 a.m. and 6:14 a.m.
5. The email address used for online banking with MHA's Citizen's Bank savings account was changed to Ms. Botsford's personal email address at approximately 6:10 a.m.

MHA's IT consultant identified GoToMyPC as the likely method used to access the executive director's computer and make these changes.

Ms. Botsford asserts that she did not take any of the actions described above on the morning of March 20, 2021. Instead, Ms. Botsford stated she believes the executive director took these actions in order to make Ms. Botsford look bad as a form of revenge because Ms. Botsford did not train her well.

However, when Ms. Botsford sued MHA, she cited privileged communications between MHA and its attorney that had been forwarded from MHA executive director's email account to Ms. Botsford's personal email account during the March 20, 2021, unauthorized access of MHA's computer system. MHA officials stated Ms. Botsford should not have had access to these communications.

Ms. Botsford's story lacks credibility.

CONCLUSIONS AND RECOMMENDATIONS

As executive director of MHA, Leila Botsford was a steward of MHA funds with an obligation to ensure that all financial decisions benefitted the agency and complied with applicable law. Instead, however, she engaged in self-dealing when she arranged her consulting contract with MHA. As a longtime housing authority executive director who was required to complete biennial trainings on Massachusetts conflict of interest law, Ms. Botsford should have understood the inherent conflict in drafting her own contract and presenting it to the Board while serving as the agency's executive director and chief procurement officer. The favorable terms and conditions of the contract, including Ms. Botsford's compensation and benefits, demonstrate self-dealing and her failure to satisfy her obligations to MHA.

In addition, the Board failed to fulfill its duties and responsibilities in its dealings with Ms. Botsford and violated Massachusetts procurement law. The Board did not solicit bids or proposals when hiring an independent contractor as required by Chapter 30B of the Massachusetts General Laws. Moreover, the Board did not adequately review Ms. Botsford's contract. The Board's inaction created a significant financial benefit to Ms. Botsford to MHA's detriment.

Finally, the day after MHA terminated Ms. Botsford's consulting contract, someone gained unauthorized access to MHA's computer system and scheduled nearly \$112,000 in payments to Ms. Botsford. Although MHA identified and canceled these payments before they were made, this situation highlights MHA's lack of policies, procedures and controls for maintaining IT security and revoking access for former employees, contractors and Board members when access is no longer warranted.

To address these issues, the OIG recommends MHA take the following actions:

1. Require all current and future Board members to complete the "Boards and Commissions: Know Your Responsibilities" and "Contract Administration" trainings offered by the OIG's MCPPO program and review the OIG's ["Guide for Members of Public Boards and Commissions."](#)
2. Provide complete information about Ms. Botsford's consulting contract to the State Ethics Commission to determine whether she violated state conflict of interest law.
3. Review and update MHA policies and procedures for the following:
 - a. Procuring supplies and services;
 - b. Administering contracts for supplies and services; and
 - c. Drafting and reviewing contracts for personnel services, including salary and benefits.
4. Review DHCD regulations and policies for contracting with executive directors.
5. Develop written guidelines about fiduciary responsibilities for Board members, ensure that all current and future Board members review these guidelines annually and maintain records of such.

Additionally, the OIG recommends MHA and all housing authorities take the following actions:

1. Retain legal counsel to review contracts as needed. Counsel should have expertise in: (a) collective bargaining agreements; (b) analysis of the financial and legal consequences of contract terms; (c) conflict of interest issues; and (d) compliance with Massachusetts law and DHCD regulations and guidelines.
2. Ensure that all contracts meet procurement requirements and are financially sound.
3. Require that board members review all contracts and periodically analyze contract costs.
4. Comply with state conflict of interest and ethics law.
5. Update and maintain security standards and access policies to ensure the safety of housing authority records and IT resources.
6. Develop written onboarding and offboarding procedures to ensure that, upon separation from employment, the agency terminates all physical, virtual and technology access held by an employee, including access to cloud-based records and email systems.