



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

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SUZANNE M. BUMP, ESQ.  
AUDITOR

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2011-0841-3H

Mr. Robert Shannon, Chairman  
Norfolk Housing Authority  
33 Rockwood Road  
P.O. Box 293  
Norfolk, Massachusetts 02056

June 14, 2011

Dear Mr. Shannon:

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Norfolk Housing Authority for the period January 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 receivables; (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; and (12) level of need for operating subsidies and operating reserves.

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 tenants' 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.

In addition, we determined the amount of American Recovery and Reinvestment Act funds that the Authority has applied for, received, and expended.

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review we have concluded that, during the 24-month period ended December 31, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne M. Bump". The signature is written in a cursive style with a large initial "S" and "M".

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Muriel St. Amand, Executive Director