



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. 2009-0823-3A

**INDEPENDENT STATE AUDITOR'S REPORT
ON CERTAIN ACTIVITIES OF THE
WOBURN HOUSING AUTHORITY
JULY 1, 2005 TO JUNE 30, 2008**

**OFFICIAL AUDIT
REPORT
MARCH 19, 2009**

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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 Woburn Housing Authority for the period July 1, 2005 to June 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. We also conducted a follow-up review of the Authority's progress in addressing the issues noted in our prior audit report (No. 2006-0823-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 36-month period ended June 30, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

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STATUS OF PRIOR AUDIT RESULTS

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Our prior audit of the Authority, which covered the period July 1, 2003 to June 30, 2005, disclosed that (a) various instances of noncompliance with the State Sanitary Code existed at the Authority, (b) vacant units were not occupied in a timely manner, (c) modernization requests had not been funded by DHCD, and (d) the Authority had available land upon which to build affordable housing units. Our follow-up review disclosed that although the Authority has taken action to remedy these issues, further improvements are needed, as discussed below:

a. Compliance with State Sanitary Code

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DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of housing 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. Our prior audit noted 28 instances of noncompliance with the State Sanitary Code, including roofs in need of replacement, cracked retaining walls, sidewalks and curbs in disrepair, decayed kitchen cabinets, water-damaged walls and ceilings, mold and mildew in bathrooms, bricks in need of re-pointing, aging boilers, and stairs in need of repair. Our follow-up review determined that the Authority has taken corrective action to address 20 of the prior instances of noncompliance; however, eight issues remain to be addressed (e.g., roofs in need of replacement, cracked/crumbling sidewalks).

b. Occupancy of Vacant Units

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Our prior audit found the Authority's average turnaround time for reoccupying vacant units was 47 days. Our follow-up review disclosed that the Authority has reduced its average turnaround time for reoccupying vacant units to 37 days.

c. Modernization Initiatives **4**

Our prior audit found that although the Authority had applied to DHCD for funding for four capital modernization projects for its state-aided properties, the requests were not funded by DHCD during the audit period. Our follow-up review determined that the Authority's requests remain unfunded.

d. Availability of Land to Build Affordable Housing Units **4**

Our prior audit noted that the Authority had four parcels of land available on which it could potentially build additional affordable housing units, as follows: 5.9 acres located at the Tarkey site, 33,000 square feet located at the McGarr site, 30,000 square feet located on Park Street, and 12,000 square feet located on Gardner Avenue. Our follow-up review determined that the Authority is in discussions with the City of Woburn to establish ownership of these parcels so that the Authority can begin the development process.

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Current Status of Compliance with State Sanitary Code **6**

INTRODUCTION

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of State Auditor has conducted an audit of certain activities of the Woburn Housing Authority for the period July 1, 2005 to June 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.
- 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 issues noted in our prior report (No. 2006-0823-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 36-month period ended June 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. 2006-0823-3A) of the Woburn Housing Authority, which covered the period July 1, 2003 to June 30, 2005, disclosed that (a) various instances of noncompliance with the State Sanitary Code existed at the Authority, (b) vacant units were not occupied in a timely manner, (c) modernization requests had not been funded by DHCD, and (d) the Authority had available land upon which to build affordable housing units. Our follow-up review disclosed that although the Authority has taken action to remedy these issues, further improvements are needed, as discussed below:

a. Compliance with State Sanitary Code

DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of housing 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. Our prior audit of the Authority noted 28 instances of noncompliance with Chapter II of the State Sanitary Code, including roofs in need of replacement, cracked retaining walls, sidewalks and curbs in disrepair, decayed kitchen cabinets, water-damaged walls and ceilings, mold and mildew in bathrooms, bricks in need of re-pointing, aging boilers, and stairs in need of repair. Our follow-up review determined that the Authority has taken corrective action to address 20 of the prior instances of noncompliance; however, eight issues remain to be addressed (e.g., roofs in need of replacement, cracked/crumbling sidewalks). (The Appendix of this report summarizes the status of the conditions noted in our prior audit.)

b. Occupancy of Vacant Units

DHCD's Property Maintenance Guide states that housing authorities should reoccupy units within 21 working days of their being vacated by a tenant. Our prior audit found that the Authority's average turnaround time for reoccupying vacant units was 47 days. Our follow-up review disclosed that the Authority has decreased its average turnaround time for reoccupying vacant units to 37 days. The reduction in turnaround time will result in applicants being housed in a timelier manner.

c. Modernization Initiatives

Our prior audit found that although the Authority had applied to DHCD for funding for four capital modernization projects for its state-aided properties, these requests were not funded by DHCD during the audit period. Our follow-up review indicated that DHCD has yet to fund the following requests:

- Requested in 1994, 1998, and 2001: Kitchen and bathroom renovations at the 667-1 Elderly Housing Development located on Warren Avenue
- Requested in 1994 and 2001: Brick wall repairs at the 667-2 Elderly Housing Development located on Nichols Street Extension
- Requested in 1998 and 2001: Boiler replacement at the 667-1 Elderly Housing Development located on Warren Avenue
- Requested in 2001: Roof replacement at the 200-3 Family Housing Development located on Liberty Avenue

Deferring or denying needed modernization funding may result in further deteriorating conditions that could render the units and buildings uninhabitable. If the Authority does not receive funding to correct these conditions (which have been reported to DHCD), additional emergency situations may occur, and the Authority's ability to provide safe, decent, and sanitary housing for its elderly tenants could be seriously compromised. Lastly, deferring the Authority's modernization needs into future years will only cost the Commonwealth's taxpayers additional money due to inflation, higher wages, and other related costs.

d. Availability of Land to Build Affordable Housing Units

Our prior audit found that the Authority had four parcels of available land on which it could potentially build additional affordable housing units, as follows: 5.9 acres located at the Tarkey site, 33,000 square feet located at the McGarr site, 30,000 square feet located on Park Street, and 12,000 square feet located on Gardner Avenue. Our follow-up review revealed that the Authority is in discussions with the City of Woburn to establish ownership of these parcels so that the Authority can begin the development process.

Recommendation

The Authority should continue to appeal to DHCD to provide the necessary funding to address its modernization needs and to fund repairs to address the remaining issues to ensure that its vacant units are refurbished and reoccupied within DHCD's timeframe. Also, it should continue discussions with the City of Woburn to determine when the Authority can build additional affordable housing units on its available land. DHCD should obtain and provide sufficient funds to the Authority in a timely manner to remedy these issues so that it may provide safe, decent, and sanitary housing for its tenants.

Auditee's Response

In its response, the Authority stated that it reviewed and accepted the contents of this report.

APPENDIX

Current Status of Compliance with State Sanitary Code

200-1, 2, and 3 Family Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>Corrected</u>
1 Webster Avenue	Roof in disrepair	105 CMR 410.500	No
23 Webster Avenue	Roof in disrepair	105 CMR 410.500	No
	Basement stairs in disrepair	105 CMR 410.500	Yes
58 Webster Avenue	Roof in disrepair	105 CMR 410.500	No
30 Creston Avenue	Bathroom walls have mold and mildew	105 CMR 410.750	Yes
	Kitchen ceiling chipping	105 CMR 410.500	Yes
	Brick envelope needs to be re-pointed	100 CMR 410.500	Yes
83 Creston Avenue	Kitchen floor cracked and decaying	105 CMR 410.504	Yes
	Kitchen ceiling has hole	105 CMR 410.500	Yes
	Mold and mildew in bathroom	105 CMR 410.750	Yes
	Stairs leading to second floor are cracking	105 CMR 410.500	
24 Liberty Avenue	Mold and mildew in bathroom	105 CMR 410.750	Yes
	Roof in disrepair	105 CMR 410.500	No
	Sidewalks and curbs in disrepair	105 CMR 410.750	Yes
	Roof in disrepair	105 CMR 410.500	No
27 Liberty Avenue	Sidewalks and curbs in disrepair	105 CMR 410.750	Yes
35 Liberty Avenue	Kitchen cabinets decaying	105 CMR 410.100	Yes
	Roof in disrepair	105 CMR 410.500	No
	Outside stairs falling apart	105 CMR 410.500	Yes
	Sidewalks/curbs in disrepair	105 CMR 410.750	Yes

667-1 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>Corrected</u>
70 Warren Avenue All five buildings	Aged boilers need to be replaced	105 CMR 410.351	Yes
	Retaining walls and sidewalks cracked	105 CMR 410.750	Yes
	Kitchen cabinets old and decaying	105 CMR 410.100	Yes
70 Warren Avenue	Tile cracked in bathroom	105 CMR 410.504	Yes

667-2 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>Corrected</u>
2 Nichols Street	Bedroom wall has water damage	105 CMR 410.500	Yes
	Bedroom ceiling has water damage	105 CMR 410.500	Yes
	Roof leaks, needs replacing	105 CMR 410.500	No
	Sidewalks are cracked	105 CMR 410.750	No