



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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NO. 2011-0618-3A

**INDEPENDENT STATE AUDITOR'S REPORT
ON CERTAIN ACTIVITIES OF THE
BOURNE HOUSING AUTHORITY
JANUARY 1, 2008 TO SEPTEMBER 30, 2010**

**OFFICIAL AUDIT
REPORT
FEBRUARY 15, 2011**



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February 15, 2011

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Peter Meir, Chairman
Bourne Housing Authority
871 Shore Road
Pocasset, Massachusetts 02559

Dear Chairman Meir:

Enclosed is an audit report for your review. This audit of the Bourne Housing Authority covers the audit period January 1, 2008 through September 30, 2010. This is one of a number of audits commenced and largely completed during the tenure of my predecessor, State Auditor A. Joseph DeNucci. Should you desire more information relative to this audit, please contact me.

I look forward to fostering a cooperative relationship between our respective offices. If my staff or I may be of assistance at any time, please do not hesitate to call upon us. I know we both share the goal of making government work better.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne M. Bump".

Suzanne M. Bump

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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 Bourne Housing Authority for the period January 1, 2008 to September 30, 2010. 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. 2008-0618-3A).

Based on our review, we have concluded that, except for the issue addressed in the Audit Results section of this report, during the 33-month period ended September 30, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

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PRIOR AUDIT RESULT UNRESOLVED - AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS

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Our prior audit found that the Authority had approximately 2.5 acres of land on which it could build additional affordable housing units. The Town of Bourne donated this land to the Authority to build single-family homes using funds from the Cape Cod Land Bank. These homes will be awarded to qualified families through a lottery. The Authority was awarded funding under the Community Preservation Act to allow for a feasibility study, followed by the issuing of a "request for qualifications," to develop affordable housing on this land.

Our follow-up review indicated that the feasibility study has been completed. However, due to current economic conditions the Authority has been unable to obtain funding for development of this property.

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 Bourne Housing Authority for the period January 1, 2008 to September 30, 2010. 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 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.
- The Authority's progress in addressing the issues noted in our prior report (No. 2008-0618-3A).

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

Based on our review, we have concluded that, except for the issue addressed in the Audit Results section of this report, during the 33-month period ended September 30, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS**PRIOR AUDIT RESULT UNRESOLVED - AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS**

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