



The Commonwealth of Massachusetts

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NO. 2008-0614-3A

INDEPENDENT STATE AUDITOR'S REPORT ON
CERTAIN ACTIVITIES OF THE
BILLERICA HOUSING AUTHORITY
JULY 1, 2006 TO MARCH 31, 2008

OFFICIAL AUDIT
REPORT
OCTOBER 2, 2008

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In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Billerica Housing Authority for the period July 1, 2006 to March 31, 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. 2006-0614-3A).

Based on our review, we have concluded that during the 21-month period ended March 31, 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 (No. 2006-0614-3A) of the Authority, which covered the period July 1, 2003 to June 30, 2005, disclosed several instances of noncompliance with Chapter II of the State Sanitary Code and the Department of Housing and Community Development's (DHCD) Property Maintenance Guide. Specifically, our previous audit disclosed that a) noncompliance with the State Sanitary Code existed at the Authority's state-aided housing developments, b) vacant units were not reoccupied within DHCD guidelines, and c) the Authority had two parcels of available land on which it could potentially build additional affordable housing units. Our follow-up audit disclosed that the Authority has initiated action to address the prior audit results, as discussed below.

a. Results of Inspections - Compliance with State Sanitary Code

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Our prior audit of the Authority found 12 instances of noncompliance with Chapter II of the 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 follow-up review determined that the Authority has corrected 11 of the 12 instances of noncompliance, and that a work order was in process for the remaining instance of noncompliance.

b. Occupancy of Vacant Units

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Our prior audit found that the Authority's average turnaround time for reoccupying vacant units was 24 working days. Our follow-up review disclosed that the Authority has reduced its average turnaround time for reoccupying vacant units to 18 working days. The reduction in turnaround time will result in applicants being housed in a timelier manner.

c. Construction of Additional Affordable Housing Units**4**

Our prior audit reported that the Authority had two parcels of land: 18,640 square feet on Albert Street, for which the Authority was awaiting clear title from the Town; and Connolly Road, from Newhall Street to Cook Road; upon which the Authority was planning to construct a four to 12 unit building for Department of Mental Retardation congregate housing. Our follow-up review determined that the Authority has secured clear title from the Town, and DHCD, in conjunction with the Massachusetts Housing Partnership, has awarded a Planning Grant to the Authority for the Albert Street parcel. According to a letter received by the Authority dated April 2, 2008, "the planning grant award is for up to \$12,500.00, and will support the Billerica Housing Authority's efforts to construct new housing at Albert Street." In addition, DHCD has awarded a 689-2 Handicapped Housing Program development contract to the Authority to construct up to ten units of new housing on the Connolly Road parcel, in partnership with the Department of Mental Retardation.

INTRODUCTION

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Billerica Housing Authority for the period July 1, 2006 to March 31, 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 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.
- 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.
- 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 report (No. 2006-0614-3A).

Based on our review, we have concluded that during the 21-month period ended March 31, 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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Elderly Housing 667 Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>Status</u>
16 River Street, Apt. #B1-G	Kitchen cabinets and counter in disrepair – need to be replaced	105 CMR 410.100 105 CMR 410.500	Resolved
16 River Street, Apt. #B1-H	Kitchen cabinets and counter in disrepair – need to be replaced	105 CMR 410.100 105 CMR 410.500	Resolved
16 River Street Apt. #B1-I	Kitchen cabinets and counter in disrepair – need to be replaced	105 CMR 410.100 105 CMR 410.500	Resolved
	Bathroom floor in disrepair	105 CMR 410.500 105 CMR 410.504	Resolved

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>Status</u>
16 River Street Apt. #B-1J	Kitchen cabinets and counter in disrepair – need to be replaced	105 CMR 410.100 105 CMR 410.500	Resolved
33 Talbot St.	Heating system in disrepair Roof, gutters, masonry in disrepair	105 CMR 410.200 105 CMR 410.500	Resolved An approved work order is in process

Handicapped Housing 689-1 Development

12 River Street	Trim paint chipping	105 CMR 410.500	Resolved
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Family Housing 705-C Development

29 Treble Cove Road	No smoke detector	105 CMR 410.482	Resolved
31 Treble Cove Road	Front door screen ripped	105 CMR 410.551	Resolved
116 Boston Road	Bathroom wall in disrepair Bathroom ceiling and grouting are chipping	105 CMR 410.500 105 CMR 410.500	Resolved Resolved

b. Occupancy of Vacant Units

Our prior audit found that the Authority's average turnaround time for reoccupying vacant units was 24 working days. Our follow-up review disclosed that the Authority has decreased its average turnaround time for reoccupying vacant units to 18 working days. The reduction in turnaround time will result in applicants being housed in a timelier manner.

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planning grant award is for up to \$12,500.00, and will support the Billerica Housing Authority's efforts to construct new housing at Albert Street."

In addition, DHCD, in partnership with the Department of Mental Retardation, has awarded a 689-2 Handicapped Housing Program development contract to the Authority to construct up to ten units of new housing on the Connolly Road parcel. The maximum obligation is \$925,000, and the project is in the architect-engineering phase at this time.

Auditee's Response

In its response, the Authority stated that it agrees that all findings noted in the previous audit have been addressed.