



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued May 1, 2014

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## Orleans Housing Authority

For the period July 1, 2010 through June 30, 2012





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May 1, 2014

Richard Miller, Chairman  
Orleans Housing Authority  
94 Hopkins Lane  
Orleans, MA 02653

Dear Chairman Miller:

I am pleased to provide this performance audit of the Orleans Housing Authority. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2010 through June 30, 2012. My audit staff discussed the contents of this report with management of the Authority.

I would also like to express my appreciation to the Orleans Housing Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read 'SMBump'.

Suzanne M. Bump  
Auditor of the Commonwealth

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## EXECUTIVE SUMMARY

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 Orleans Housing Authority for the period July 1, 2010 through June 30, 2012.

The objectives of our audit were to (1) review and analyze the Authority's overall system of internal controls and (2) review the process used by the Authority for the procurement of goods and services, including those for the modernization/renovation of its housing units, to determine whether its procurement activities were efficient and in compliance with the Department of Housing and Community Development's (DHCD's) procurement guidelines and laws, rules, and regulations applicable to state-aided housing programs.

### ***Summary of Results***

Our audit found that, for the period July 1, 2010 through June 30, 2012, the Authority maintained an adequate system of internal controls and conducted its procurements in an efficient manner in compliance with DHCD guidelines and laws, rules, and regulations applicable to state-aided housing programs.

## OVERVIEW OF AUDITED AGENCY

### *Background*

The Orleans Housing Authority was established in 1969 when the Town of Orleans recognized the need for a housing authority to address the shortage of safe, sanitary housing for low-income residents. The Authority's main office is located at 94 Hopkins Lane in Orleans. The Authority oversees the following state housing units: 100 units of housing for the elderly and handicapped and 11 units of family housing. It also owns two eight-bedroom group homes that it leases to two human-service vendors that serve adults with mental disabilities. In addition, the Authority administers two housing vouchers funded by the Massachusetts Rental Voucher Program and one housing voucher funded by the Alternative Housing Voucher Program.

The Authority is authorized by, and operates under, Chapter 121B, Section 3, of the Massachusetts General Laws and Department of Housing and Community Development (DHCD) regulations (Title 760 of the Code of Massachusetts Regulations). DHCD is the agency that has oversight of the Massachusetts housing and community-development programs and of state-funded housing authorities. DHCD enters into agreements with local housing authorities (LHAs) to plan, design, construct, manage, and administer programs to provide housing for persons of low income within the Commonwealth. The agreement between DHCD and an LHA for the development of new housing is known as the contract for financial assistance. This agreement gives a general overview of the scope of the LHA's responsibilities during the development and management periods and specifically details how these responsibilities are to be executed.

A five-member board of commissioners is responsible for governance of the Authority. Four of the board members are elected, and one member, the state appointee, is appointed by the governor of Massachusetts. There was one vacant seat on the board at the time of our review. The board hired an executive director to manage the Authority's day-to-day operations, and the executive director provides the board with monthly financial reporting. The Authority also employs two maintenance workers and has hired an outside fee accountant to provide accounting services.

## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

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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:

- The Authority's records related to its procurement of goods and services during the audit period to determine whether its activities in this area complied with DHCD guidelines and other applicable laws, rules, and regulations.
- Whether the Authority has explored group purchasing activities such as purchasing consortiums and the use of procurement contracts negotiated by the federal, state, or local governments to ensure that it receives the best value.

Additionally, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls. Specifically, we performed procedures such as interviewing personnel, reviewing policies, analyzing records, and examining documentation supporting recorded transactions.

We did not rely on computer-processed data for our audit. Instead, we relied on hardcopy source documents and interviews as supporting documentation on which we based our conclusions.

Whenever sampling was used, we applied a non-statistical approach, and as a result, we were not able to project our results to the population.

Based on our audit, we have concluded that, for the period July 1, 2010 through June 30, 2012, the Authority maintained an adequate system of internal controls and conducted its procurements in an efficient manner in compliance with DHCD guidelines and laws, rules, and regulations applicable to state-aided housing programs.