



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

*Making government work better*

Official Audit Report – Issued August 29, 2014

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## Plymouth Housing Authority

For the period January 1, 2012 through September 30, 2013





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Melvin H. Cotti, Chair  
Plymouth Housing Authority  
130 Court Street  
Plymouth, MA 02360

Dear Chairman Cotti:

I am pleased to provide this performance audit of the Plymouth Housing Authority. This report details the audit objectives, scope, and methodology for the audit period, January 1, 2012 through September 30, 2013. My audit staff discussed the contents of this report with management of the Authority.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "S M Bump".

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 Plymouth Housing Authority for the period January 1, 2012 through September 30, 2013.

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 to determine whether (1) the Authority's funds were expended and collected for their intended purpose and in compliance with the Department of Housing and Community Development's (DHCD's) requirements; (2) the Authority's tenants were properly selected and housed and rent determinations were accurate, complete, and in compliance with DHCD regulations; (3) the Authority procured goods and services, including all contracts, in accordance with Chapter 30B of the General Laws; (4) the Authority properly maintained its units in accordance with 105 Code of Massachusetts Regulations 410 (the State Sanitary Code); and (5) the Authority allocated costs in accordance with DHCD guidelines.

### *Summary of Results*

Based on our audit, we have concluded that, for the period January 1, 2012 through September 30, 2013, the Authority maintained adequate management controls and practices and complied with applicable laws, rules, and regulations for the areas tested.

## OVERVIEW OF AUDITED AGENCY

### *Background*

The Plymouth Housing Authority is authorized by, and operates under, the provisions of Chapter 121B of the Massachusetts General Laws, as amended. Its administrative offices are located at 130 Court Street in Plymouth, Massachusetts. The Authority currently manages and oversees 45 units of state housing for low-income families and 191 units of state housing for elderly tenants, as well as an additional 8 units of state housing for tenants with special needs.

## **AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Plymouth Housing Authority for the period January 1, 2012 through September 30, 2013.

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 to determine whether (1) the Authority's funds were expended and collected for their intended purpose and in compliance with the Department of Housing and Community Development's (DHCD's) requirements; (2) the Authority's tenants were properly selected and housed and rent determinations were accurate, complete, and in compliance with DHCD regulations; (3) the Authority procured goods and services, including all contracts, in accordance with Chapter 30B of the General Laws; (4) the Authority properly maintained its units in accordance with 105 Code of Massachusetts Regulations 410 (the State Sanitary Code); and (5) the Authority allocated costs in accordance with DHCD guidelines.

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 gained an understanding of, and tested, the relevant internal controls for financial operations, tenant selection and occupancy, vacancies, annual rent determinations, site inspections, property maintenance, operating subsidies, administrative expenses, property and equipment, and contract procurement, as well as modernization.

Further, we conducted audit testing in the following areas:

- We reviewed the Authority's policies and procedures for the administration of employee salaries and fringe benefits, verifying compliance with established requirements through examination of a sample of 5 employees out of 19.
- We selected the last 10 tenants housed to verify that tenants were selected in accordance with DHCD regulations.

- We examined the vacancy records to determine whether the Authority adhered to DHCD procedures for preparing and filling vacant housing units.
- We tested 20 of 236 annual rent determinations to verify that rents were calculated properly and in accordance with DHCD guidelines.
- We reviewed tenant accounts-receivable procedures to ensure that rent collections were timely and that uncollectible tenant accounts-receivable balances were properly written off.
- We reviewed site-inspection procedures and records to verify compliance with DHCD inspection requirements and to determine whether the 8 units we selected for inspection out of 244 were in safe and sanitary condition.
- We reviewed 27 of 2,355 general administrative expenditures, including travel expenditures, for appropriateness and compliance with established policy.
- We tested DHCD grants and Authority payments related to modernization contractors.
- We tested procedures for property and equipment and determined the adequacy of the Authority's controls to protect, and account for, its assets in accordance with DHCD guidelines.
- We examined contract-procurement records to verify compliance with applicable laws and DHCD requirements for awarding contracts.
- We reviewed the Authority's cost-allocation methodology and verified the DHCD-approved operating budget for fiscal year 2012 in comparison with actual expenditures. We also reviewed line-item and total amounts to ensure that they were within budgetary limits.
- We reviewed the adequacy of procedures in effect to collect data and ensure that required reports were complete, accurate, and submitted to DHCD in a timely manner.

In addition, 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 Authority employees and reviewing relevant documents, statutes, and regulations as well as Authority policies, procedures, and accounting records.

We obtained revenue, grant award, and expenditure information generated from information systems maintained by the Commonwealth and by the Authority. We compared this information with source documents and interviewed knowledgeable Authority staff members about the data. We determined that the data were sufficiently reliable for the purposes of this report. Information system controls were not an integral part of the Authority's internal controls, so we did not consider it necessary to evaluate information system controls. When performing our audit, we relied on

hardcopy source documents, which we tested for accuracy and completeness. We determined that these data were also sufficiently reliable for the purposes of this report. 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.

Through inquiry and examination of source documents during the performance of the foregoing audit procedures, no instances of transactions with related parties came to our attention.

Based on our audit, for the period January 1, 2012 through September 30, 2013, the Authority maintained adequate internal controls and management practices and complied with applicable laws, rules, and regulations for the areas tested.