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NO. 2009-0641-3A

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

OFFICIAL AUDIT  
REPORT  
MARCH 9, 2009

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## TABLE OF CONTENTS/EXECUTIVE SUMMARY

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### INTRODUCTION

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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 Dedham 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. 2006-0641-3A).

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.

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### AUDIT RESULTS

3

#### STATUS OF PRIOR AUDIT RESULTS

3

Our prior audit (No. 2006-0641-3A) of the Dedham Housing 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) the Authority did not receive funding for modernization requests from DHCD, and c) the Authority did not reoccupy vacant units in a timely manner. Our follow-up review revealed that although the Authority has taken action to remedy these issues, further improvements are needed, as discussed below.

#### **a. Results of Inspections – Noncompliance With State Sanitary Code**

3

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 69 instances of noncompliance with Chapter II of the State Sanitary Code, including broken windows, asbestos, holes in walls, missing door knobs, torn or missing floor tiles, obstructed entrances, deteriorated and crumbling concrete stairways, cracked pavement/walkways, and unsafe handrails. Our follow-up review determined that the Authority received funding from DHCD and corrected all of the instances of noncompliance, except for the deteriorated and crumbling walkways and pavement at its 667-2 elderly development at Doggett Circle. Also, our current audit inspections revealed new instances of noncompliance with Chapter II of the State Sanitary Code (cracked kitchen walls, peeling paint on walls, broken/moldy windows, and worn kitchen cabinets/countertops).

**b. Modernization Initiatives Funded****3**

Our previous audit found that although the Authority had applied to DHCD for funding for three 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 funded the request for roof replacement, and the boiler and asbestos issues were funded from the Authority's reserves. The Authority is awaiting DHCD funding for the repairs of masonry and stairs, roads, walks, drains, and sewer lines. In its response, the Authority indicated that it will continue to appeal to DHCD for funding to correct the State Sanitary Code violation.

**c. Vacant Units Not Reoccupied within DHCD Guidelines****4**

Our prior audit found that the Authority's average turnaround time for reoccupying vacant units had increased from 50 to 63 days, and that there were over 500 applicants on its waiting list. Our follow-up review revealed that the Authority has reduced its average turnaround time for reoccupying vacant units to 57 days and the number of applicants on its waiting list has decreased to 102. In its response, the Authority indicated that it shall continue to reduce the workdays required to reoccupy vacant units.

## 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 Dedham 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. 2006-0641-3A).

Based on our review, we have concluded that, except for the issues discussed 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. 2006-0641-3A) of the Dedham Housing 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) the Authority did not receive funding for modernization requests from DHCD, and c) the Authority did not reoccupy vacant units in a timely manner. Our follow-up review revealed that although the Authority has taken action to remedy these issues, further improvements are needed, as discussed below.

#### **a. Results of Inspections – Noncompliance 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 previous audit (No. 2006-0641-3A) of the Authority noted 69 instances of noncompliance with Chapter II of the State Sanitary Code, including broken windows, asbestos, holes in walls, missing door knobs, torn or missing floor tiles, obstructed entrances, deteriorated and crumbling concrete stairways, and unsafe handrails. Our follow-up review determined that the Authority received funding from DHCD and corrected all of the instances of noncompliance, except for the deteriorated and crumbling walkways and pavement at its 667-2 elderly development at Doggett Circle. Also, our current audit inspections revealed new instances of noncompliance with Chapter II of the State Sanitary Code (cracked kitchen walls, peeling paint on walls, broken/moldy windows, and worn kitchen cabinets/countertops).

#### **b. Modernization Initiatives Funded**

Our previous audit found that although the Authority had applied to DHCD for funding for three 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 the DHCD funded the roof replacement request, and the boiler and asbestos issue were funded through the Authority's

reserves. The Authority is still awaiting DHCD funding for the repairs to masonry and stairs, roads, walkways, drains, and sewer lines.

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.

**c. Vacant Units Not Reoccupied within DHCD Guidelines**

DHCD's Property Maintenance Guide indicates 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 had increased from 50 to 63 days, and that there were over 500 applicants on its waiting list. Our follow-up review revealed that the Authority has reduced its average turnaround time for reoccupying vacant units to 57 days and the number of applicants on its waiting list has decreased to 102.

***Recommendation***

We recommend that the Authority continue to appeal to DHCD for funding to correct these issues, and continue to reduce the workdays required to reoccupy vacant units to ensure compliance with DHCD's timeframe. 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 will continue to appeal to DHCD for funding to correct the State Sanitary Code violations and also continue to reduce the workdays required to reoccupy vacant units to ensure compliance with DHCD's time frame.