



# The Commonwealth of Massachusetts

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**INDEPENDENT STATE AUDITOR'S REPORT  
ON CERTAIN ACTIVITIES OF THE  
BOURNE HOUSING AUTHORITY  
JULY 1, 2005 TO DECEMBER 31, 2007**

**OFFICIAL AUDIT  
REPORT  
NOVEMBER 21, 2008**

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### INTRODUCTION

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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 July 1, 2005 to December 31, 2007. 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. 2006-0618-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 30-month period ended December 31, 2007, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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### AUDIT RESULTS

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#### STATUS OF PRIOR AUDIT RESULTS

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Our prior audit (No. 2006-0618-3A) of the Bourne Housing Authority, which covered the period July 1, 2003 to June 30, 2005, noted that a) 18 instances of noncompliance with Chapter II of the State Sanitary Code existed at the Authority's state-aided housing units, b) the Authority did not have an official written preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units, and c) the Authority had approximately 2.5 acres of land on which it could build additional affordable housing units. Our follow-up review disclosed that the Authority has taken corrective action to address these prior Audit Results, as discussed below.

#### **a. Compliance with State Sanitary Code**

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DHCD's Property Maintenance Guide, Chapter 3F, requires that inspections of dwelling 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 (No. 2006-0618-3A) of the Authority, which covered the period July 1, 2003 to June 30, 2005, noted 18 instances of noncompliance with Chapter II of the State Sanitary Code. Our current review determined that the Authority has taken corrective action to address 16 of the 18 previously reported instances of noncompliance, and the remaining two issues are in the process of being addressed.

#### **b. Official Written Property Maintenance Plan Established**

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Our prior audit found that the Authority did not incorporate DHCD's Property Maintenance Guide into its policies and procedures, and that the Authority did not have an official written preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units. Our current review determined that the Authority has taken

corrective action to establish a preventive maintenance plan that adheres to DHCD's Property Maintenance Guide.

**c. 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. Our current review determined that the Authority has been awarded funding under the Community Preservation Act that will allow for a feasibility study, followed by the issuing of a "request for qualifications," which will lead to the development of affordable housing on this land.

## 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 July 1, 2005 to December 31, 2007. 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.
- The Authority's progress in addressing the issues noted in our prior report (No. 2006-0618-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 30-month period ended December 31, 2007, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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## AUDIT RESULTS

### STATUS OF PRIOR AUDIT RESULTS

Our prior audit (No. 2006-0618-3A) of the Bourne Housing Authority, which covered the period July 1, 2003 to June 30, 2005, noted that a) 18 instances of noncompliance with Chapter II of the State Sanitary Code existed at the Authority's state-aided housing units, b) the Authority did not have an official written preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units, and c) the Authority had approximately 2.5 acres of land on which it could build additional affordable housing units. Our follow-up review disclosed that the Authority has taken corrective action to address these prior Audit Results, as discussed below.

#### a. Compliance with State Sanitary Code

DHCD's Property Maintenance Guide, Chapter 3F, requires that inspections of dwelling units be conducted annually and upon 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 18 instances of noncompliance with Chapter II of the State Sanitary Code. Our current review determined that the Authority has taken corrective action to address 16 of the 18 previously reported instances of noncompliance. The remaining two instances are in the process of being addressed; as the replacement of corroding heating units at 89 Waterhouse Road was recently scheduled to be bid on, and the issue of rusting and corroding support columns at 8 Head of the Bay Road is currently under architectural review by DHCD.

#### b. Official Written Property Maintenance Guide Established

Our prior audit found that the Authority did not incorporate DHCD's Property Maintenance Guide into its policies and procedures, and that the Authority did not have an official written preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units.

Our follow-up review determined that the Authority has taken corrective action to establish a preventive maintenance plan that adheres to DHCD's Property Maintenance Guide.

**c. Availability of Land to Build Affordable Housing Units**

Our prior audit found that the Authority had approximately 2.5 acres of land on which it could build single-family affordable homes. 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. Our current review determined that the Authority has been awarded funds under the Conservation and Preservation Act that will allow for a feasibility study, followed by issuing of a “request for qualifications,” which will lead to the development of affordable housing on this land.