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

**OFFICIAL AUDIT
REPORT
DECEMBER 2, 2008**

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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 Carver Housing Authority for the period March 1, 2006 to May 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. In addition, we reviewed the Authority's progress in addressing the condition noted in our prior audit report (No. 2006-1285-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 27-month period ended May 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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1. PRIOR AUDIT RESULT RESOLVED

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Our prior audit report (No. 2006-1285-3A) disclosed that the Authority did not issue the required IRS Form 1099-MISC to two contractors who were paid \$18,965 for services provided during calendar year 2005. Our follow-up review revealed that the Authority issued IRS 1099-MISC forms to all contractors who were paid more than \$600 annually during calendar years 2006 and 2007.

2. NONCOMPLIANCE WITH STATE SANITARY CODE

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The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), 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. During our audit, we found 21 instances of noncompliance with 105 Code of Massachusetts Regulations (CMR) 410.500, including shattered glass in the sliding doors; missing, warped, and broken shingles on exterior siding; rusted and rotted support posts and door frames; and flaking paint, mold, and mildew on the exterior of buildings. (The Appendix of our report includes photographs documenting the conditions found.) In its response, the Authority indicated that it has requested funding from DHCD to address these issues.

APPENDIX

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Photographs of Conditions Found

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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 Carver Housing Authority for the period March 1, 2006 to May 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.

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.
- Annual rent-determination procedures to verify that rents were calculated properly and in accordance with DHCD regulations.
- Vacancy records to determine whether the Authority adhered to DHCD procedures for preparing and filling vacant housing units.
- Accounts receivable procedures to ensure that rent collections were timely and that uncollectible tenant accounts receivable balances were written off properly.
- 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.
- Procedures for making payments to landlords under the Massachusetts Rental Voucher Program to verify compliance with contract provisions and that rental charges by landlords were consistent with established rules and regulations.

- Cash management and investment policies and practices to verify that the Authority maximized its interest income and that its deposits were fully insured.
- Site-inspection procedures and records to verify compliance with DHCD inspection requirements and that selected housing units were in safe and sanitary condition.
- 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.
- 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. 2006-1285-3A).

Based on our review, we have concluded that, except for the issues addressed in the Audit Results section of this report, during the 27-month period ended May 31, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

1. PRIOR AUDIT RESULT RESOLVED

Our prior audit report (No. 2006-1285-3A) disclosed that the Authority did not issue the required IRS Form 1099-MISC to two contractors who were paid \$18,965 for services provided during calendar year 2005. Our follow-up review revealed that the Authority issued IRS 1099-MISC forms to all contractors who were paid more than \$600 annually during calendar years 2006 and 2007.

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Recommendation

The Authority should apply for funding from DHCD to address the issues noted during our inspections of the exterior (buildings) of the Authority. In addition, the Authority should request that DHCD conduct thorough inspections of the property to ensure that the Authority is taking all the necessary steps to provide safe, decent, and sanitary housing to all its tenants.

Auditees Response

In response to this issue, the Authority's Executive Director stated:

We have informed the Department of Housing & Community Development that your office has found 21 instances of noncompliance set forth in Chapter II of the State Sanitary Code. We have requested DHCD to address these issues with Modernization

and/or Emergency Funds. Re-Inspections are forthcoming. We hope to have this resolved in the near future.

APPENDIX

Photographs of Conditions Found



**Project 667-1
Shattered Glass Slider**



**Project 667-1
Missing Exterior Shingles**



**Project 667-1
Shattered Glass Slider**



**Project 667-1
Missing Exterior Shingles**



**Project 667-1
Shattered Glass Slider with Concrete Block
Wall**



**Project 667-1
Rotted Exterior Shingles**



Project 667-1
Broken Exterior Shingles



Project 667-1
Rusted and Rotted Support Post



Project 667-1
Mold and Mildew on Exterior Shingles



Project 667-1
Flaking Paint on Exterior Shingles



Project 667-1
Rotted Corner Post



Project 667-1
Mold, Mildew, and Missing Paint on Exterior Shingles



Project 667-1
Missing Row of Exterior Shingles



Project 705-1
Broken and Missing Shingles



Project 667-1
Broken Shingles



Project 667-1
Mold and Mildew on Exterior Shingles



Project 667-1
Mold, Mildew on Exterior Shingles



Project 667-1
Shattered Glass Slider



Project 667-1
Shattered Glass Slider



Project 667-1
Rotted Exterior Door Casing



Project 667-1
Missing Exterior Shingles