



A. JOSEPH DeNUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

TEL. (617) 727-6200

NO. 2008-0720-3A

INDEPENDENT STATE AUDITOR'S REPORT
ON CERTAIN ACTIVITIES OF THE
MIDDLEBOROUGH HOUSING AUTHORITY
JANUARY 1, 2006 TO FEBRUARY 29, 2008

OFFICIAL AUDIT
REPORT
JUNE 16, 2008

TABLE OF CONTENTS/EXECUTIVE SUMMARY

INTRODUCTION	1
---------------------	----------

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Middleborough Housing Authority for the period January 1, 2006 to February 29, 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.

Based on our review, we have concluded that during the 26-month period ended February 29, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS	3
----------------------	----------

PRIOR AUDIT RESULTS RESOLVED – COMPLIANCE WITH STATE SANITARY CODE	3
---	----------

Our prior audit (No. 2006-0720-3A) of the Authority, which covered the period July 1, 2003 to June 30, 2005, noted 25 instances of noncompliance with the State Sanitary Code, including bathroom and kitchen ceilings that were cracked and needed re-painting, outside siding that was rotting, roofs in need of replacing, and screens missing from windows. The Department of Housing and Community Development's (DHCD's) 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. Our current review determined that the Authority had applied for and received funding from DHCD to address the issues noted in our prior audit report. Based on this action, we have determined that the Authority has taken adequate steps to comply with DHCD requirements pertaining to safe and sanitary housing.

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 Middleborough Housing Authority for the period January 1, 2006 to February 29, 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.
- Modernization and Development 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.

- 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.
- 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.
- 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 audit report (No. 2006-0720-3A).

Based on our review, we have concluded that during the 26-month period ended February 29, 2008, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

PRIOR AUDIT RESULTS RESOLVED – COMPLIANCE WITH STATE SANITARY CODE

Our prior audit (No. 2006-0720-3A) of the Middleborough Housing Authority, which covered the period January 1, 2003 to June 30, 2005, noted 25 instances of noncompliance with the State Sanitary Code, including bathroom and kitchen ceilings that were cracked and needed repainting, outside siding that was rotting, roofs in need of replacing, and screens missing from windows. The Department of Housing and Community Development's (DHCD's) 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. Our current review determined that the Authority had applied for and received funding from DHCD to address the issues noted in our prior audit report. Based on this action, we have determined that the Authority has taken adequate steps to comply with DHCD requirements pertaining to safe and sanitary housing.