



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

Making government work better

Official Audit Report – Issued September 30, 2011

Falmouth Housing Authority's Use of American Recovery and Reinvestment Act Funds

For the period March 18, 2009 through May 31, 2011



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In accordance with Chapter 11, Section 12, of the General Laws, we have conducted an audit of certain activities of the Authority for the period March 18, 2009 through May 31, 2011. Our scope was limited to a review of the federal stimulus funds the Authority received under the American Recovery and Reinvestment Act (ARRA) of 2009. During the audit period, the Authority received ARRA grant funds totaling \$337,668 from HUD for capital improvements to its housing complexes. As of May 31, 2011 the Authority had expended the full amount of the ARRA grant.

The objectives of our audit were to obtain and review a listing of the type and amount of all ARRA funds the Authority has applied for, received, and expended; evaluate the Authority's controls over ARRA expenditures; determine whether ARRA funds are being expended for their intended purposes and in compliance with laws, rules, and regulations applicable to each program; and determine whether the Authority is complying with ARRA accounting and reporting requirements as well as other grant requirements.

Based on our review we have concluded that, for the period March 18, 2009 through May 31, 2011, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

The Falmouth Housing Authority is authorized by and operates under the provisions of Chapter 121B of the Massachusetts General Laws, as amended. The Authority, which is overseen by a six-member Board of Directors, operates and administers low-rent housing programs that are funded by the Commonwealth's Department of Housing and Community Development and the U.S. Department of Housing and Urban Development (HUD). As of May 1, 2011, the Authority operated 54 state elderly housing units, 25 family units, eight special needs units, and 222 federal elderly units.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, we have conducted an audit of certain activities of the Authority for the period March 18, 2009 through May 31, 2011. Our scope was limited to a review of the federal stimulus funds the Authority received under the American Recovery and Reinvestment Act (ARRA) of 2009.

The objectives of our audit were to obtain and review a listing of the type and amount of all ARRA funds the Authority has applied for, received, and expended; evaluate the Authority's controls over ARRA expenditures; determine whether ARRA funds are being expended for their intended purposes and in compliance with laws, rules, and regulations applicable to each program; and determine whether the Authority is complying with ARRA accounting and reporting requirements as well as other grant requirements.

To achieve our audit objectives, we reviewed the following:

- ARRA funds awarded to the Authority
- Expenses charged to the ARRA grant award to determine whether funds were expended for their intended purposes and were reasonable
- Internal control procedures developed and utilized by the Authority to ensure accountability for the administration and expenditure of ARRA funds
- Procedures for making payments to contractors to verify compliance with established rules and regulations

- Cash-management and drawdown procedures to determine whether the Authority complied with ARRA requirements
- Procurement records to determine whether the work funded by ARRA grants was completed and complied with the “Buy American” requirements outlined in Section 1605 of ARRA
- The Authority’s ARRA reports to determine whether they complied with reporting requirements
- Determination of whether the Authority has applied for or plans to receive additional ARRA funds

During the audit period, the Authority received ARRA grant funds totaling \$337,668 from HUD for capital improvements, including kitchen renovations at an elderly/disabled public housing complex and the installation of energy-efficient windows and storm doors at a federalized state elderly/disabled public housing complex. As of May 31, 2011 the Authority had expended the full amount of the ARRA grant.

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.

Based on our review we have concluded that, for the period March 18, 2009 through May 31, 2011, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.