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INDEPENDENT STATE AUDITOR'S REPORT ON
CERTAIN ACTIVITIES OF THE
RAYNHAM HOUSING AUTHORITY
MAY 1, 2004 TO APRIL 30, 2007

OFFICIAL AUDIT
REPORT
JANUARY 17, 2008

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INTRODUCTION**1**

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Raynham Housing Authority for the period May 1, 2004 to April 30, 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 assess compliance with laws, rules, and regulations applicable to each program. Based on our review, we have concluded that during the 36-month period ended April 30, 2007, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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Our prior audit of the Authority (No. 2004-0903-3A), which covered the period July 1, 2002 to April 30, 2004, disclosed that the Authority was not in compliance with established inventory control procedures over furniture and equipment. Specifically, the Authority had not taken an annual physical inventory for several years. We also found that the Authority had not properly accounted for disposed inventory items in its master subsidiary inventory ledger, resulting in a \$61,110 variance between the inventory values reported in the Authority's financial records and those reported on the master inventory listing.

Our follow-up review determined that the Authority has taken corrective action and has established an adequate control system for the inventory of furniture and equipment.

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 Raynham Housing Authority for the period May 1, 2004 to April 30, 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 assess 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's 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 tenants' 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's 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.
- Prior audit result pertaining to inadequate inventory controls to determine if corrective action has been taken.

Our tests in the above-mentioned areas disclosed no material weaknesses.

Based on our review, we have concluded that during the 36-month period ended April 30, 2007, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

PRIOR AUDIT RESULTS RESOLVED-CONTROLS OVER FURNITURE AND EQUIPMENT

Our prior audit of the Authority (No. 2004-0903-3A), which covered the period July 1, 2002 to April 30, 2004, disclosed that the Authority was not in compliance with established inventory control procedures over furniture and equipment. Specifically, the Authority had not taken an annual physical inventory for several years. We also found that the Authority had not properly accounted for disposed inventory items in its master subsidiary inventory ledger, resulting in a \$61,110 variance between the inventory values reported in the Authority's financial records and those reported on the master inventory listing. Our follow-up review determined that the Authority has taken corrective action and has established an adequate control system for the inventory of furniture and equipment.