



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
 COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ◆ Karyn E. Polito, Lieutenant Governor ◆ Chrystal Kornegay, Undersecretary

Public Housing Notice 2017-14

To: Local Housing Authorities
 From: Sarah Glassman, Associate Director, Division of Public Housing & Rental Assistance
 Date: 06/23/2017
 Re: Agreed Upon Procedures (AUP) In the Publishing Year

The purpose of this PHN is to inform you of some important changes made for the Publishing Year of the AUP. Additionally, DHCD has provided you with a link to access data from the Planning Year you may find to be a helpful reference. The PHN details information as follows:

I. Section A: Reflecting on Planning Year

- a. Data on three quarters of Planning Year

II. Section B: Looking Forward to Publishing Year

- a. Procedural Changes in the AUP process
 - How long can the same CPA conduct my AUP?
 - Deadlines and Reporting Process for AUP and How Affects Publishing to Website
- b. AUP Tool Changes
 - Rent Collection – Changes in Tenants Accounts Receivable (TAR)
 - Payroll – Changes in Wage Reconciliation, ED Contracts, Leave and GASB 68
 - Accounts Payables – Changes in Sample Sizes
 - Inventory – Clarification of What Should Appear/Be Tagged on Fixed Asset Listings
 - Procurement – Changes to Law, Board Approval and Contract Register
 - Rent Re-Determination – Expanded Scope of MRVP

Section A. Reflection on Planning Year

For a presentation of the AUP data from three different FYEs of the Planning Year, please see the presentation DHCD conducted at MassNAHRO in the Spring of 2017. It can be found on the DHCD Public Housing Notices page (<http://www.mass.gov/hed/housing/ph-manage/public-housing-admin-notices.html>). Scroll to the bottom of the page until you see “DPHRA Public Housing Presentations” and look for a PowerPoint document called “AUP and PMR MassNAHRO Spring Conference 2017.”

For more detailed information on procurement, please see the following Public Housing Notice (PHN) that highlights common findings and reminds Local Housing Authorities (LHAs) about the key “Dos” and “Don’ts” regarding Procurement and Public Bidding.

<http://www.mass.gov/hed/docs/dhcd/ph/publicnotices/2017-09.pdf>

Section B. Looking Forward to Publishing Year

Procedural Changes

AUP Contracting Process

Per Massachusetts General Law 121B, s.29, “An external compliance auditor shall perform not more than 5 consecutive agreed upon procedures for review of housing authority financial records for a housing authority”.

While in a previous PHN 2015-21, DHCD had stated LHAs must choose a different firm every three years for their AUP, per this PHN, DHCD is extending that requirement to five years. This rule applies to the three pre-qualified CPA firms, as well as those firms that are conducting the AUP because they also conduct an LHA’s Federal Single Audit. Once an LHA switches firms after five years, they may at a later date return to the original/previous auditing firm.

AUP Reporting Process

LHAs: Expect to receive a PDF version of the AUP report from your CPA firm once their visit is complete. Please send your response to each criteria in the report to your CPA firm. Then expect to receive a PDF finished report from your CPA firm, which includes your response if you submitted one by the deadline.

CPAs: Please email the AUP report to DHCD by the **deadline** (see table below). Please include **BOTH a PDF of the final AUP reporting tool, as well as an excel version. Do not mail a hard copy.** The AUP must be exported from excel to PDF; DHCD will not accept scanned photocopies of the AUP since AUPs are to be published on the website. Also, DHCD will return AUPs submitted with yellow in the PDF version.

Please send AUPs as you complete them to the attention of Mary Curry at Mary.Curry@MassMail.State.MA.US.

AUP Deadlines

- AUP Report Due Date to DHCD: Eight months from LHA FYE (**see table below**).
- CPA firms should send AUP reports to DHCD as they are completed; CPA firms should not wait to send all AUP reports at once on deadline date.

LHA FYE	YE Reports Due	AUP to LHA (for Response)	AUP Report Due to DHCD & LHA
12/31/16	2/15/17	7/31/17	8/31/17
3/31/17	5/15/17	10/31/17	11/30/17
6/30/17	8/15/17	1/31/18	2/28/18
9/30/17	11/15/17	4/30/18	5/31/18

Publishing of the AUP

Starting in the “Publishing Year” and going forward, AUPs will be published per Chapter. 235, which states, “The report, agreed upon procedures for review of housing authority financial records and the annual plan, shall be made available to the public on the department’s website, as well as the housing authority’s website required under section 26D.”

AUPs completed during the “Publishing Year” and going forward will be published on BOTH the LHA’s website (of if LHA does not have a website, the town or city’s website) and DHCD’s website.

What happens if DHCD does not receive your AUP by the deadline?

Publishing to the website will occur ONLY once per quarter. For this reason, DHCD must receive AUPs by the deadlines above. If DHCD does not receive an LHA’s AUP by the deadline in the table above, the AUP for that LHA will be published with an overall rating of “Corrective Action – Out of Compliance with the Law.” In order to avoid this, CPA firms should send all AUPs by the deadline, regardless of whether a response from the LHA has been received.

Up to six months out from the deadlines above, if DHCD receives an AUP from an LHA that is out of compliance, DHCD will upload it to the website (at the next quarterly upload date and not before), replacing the previous overall rating of “Corrective Action – Out of Compliance with the Law” with the newly received AUP (along with an indication of its lateness).

What happens if DHCD receives your AUP by the deadline but without an LHA response?

Any AUPs received without an LHA response by the deadlines above, and uploaded to the website for publishing will not be replaced later with a version of the AUP that includes the LHA’s response.

A 30 calendar day grace period of the deadlines above will be allowed for valid reasons.

AUP Tool Changes

There are a few changes to the AUP tool for the Publishing Year. Below are highlights of these changes within each of the eight AUP criteria. For further information, see Appendix A which provides a one-page summary of these changes and presents the Publishing Year version of the AUP Tool.

Criteria: Rent Collection

Allowance for Doubtful Accounts and Repayment Agreements

Starting with the “Publishing Year” AUPs, there will be a reasonableness test for Allowance for Doubtful Accounts. The amount in Allowance for Doubtful Accounts must be reasonable given the age and types of receivables, as well as historical rates of non-collection. The amount set aside in Allowance should be evaluated annually by the LHA with the help of their Fee Accountant/LHA Finance Staff.

A procedure will also look at repayment agreements, and ensure they are in compliance with DHCD policy. As clarified in the TAR PHN 2017-13, normal repayment agreements should appear within Tenants Accounts Receivable (TAR) in the full balance of the agreement. See Section C of the TAR PHN 2017-13 for details on how to account for fraud/retroactive agreements (as a part of the AUP repayment procedure which checks compliance with DHCD policy, AUPs starting with LHAs with FYE 9/30/17 will receive exceptions if they are not following this new accounting practice for fraud/retroactive agreements).

Writing off Uncollected Rent

Effective immediately, in real time (monthly, quarterly, annually), if a tenant vacates and the account is not expected to be collected and the board has approved the write-off, the LHA may write the account balance off the Balance Sheet. This transaction would involve a debit to the Allowance for Doubtful Account and a credit to Tenants Accounts Receivable. This is a change from the previous policy that accounts be 12 months stale before being written off. NOTE: No unpaid balances from Current Residents should be written-off (with the exception of rent abatement).

In the cases where a deceased tenant with a TAR balance that has been prorated for the month and cannot be collected, this balance should be reversed against current year Shelter Rent Account 3110 and not carried as a vacated balance.

Note: the future TAR application will require detailed reporting of write-offs (overall and by program).

Any AUPs conducted after issuance of this PHN will test compliance with DHCD’s write-off policy.

Criteria: Payroll

LHA’s Personnel Policy/Leave:

Starting with **any** AUPs conducted after 9/30/17, the AUP will verify that an LHA’s personnel policy includes: (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried

over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment. Before adopting language in their personnel policies, LHAs should consult with their HMS to determine the limits on accrual, carry over and payout that can be approved by DHCD. LHAs should also consult with their attorneys to make certain that their policy complies with all applicable law.

ED Contracts

There is a new procedure on the AUP that checks that the LHA is in possession of a DHCD-approved contract that has been signed by the LHA, Executive Director, and DHCD. If the LHA can show that the contract is in processing with DHCD (and not denied for failing to meet DHCD requirements), the LHA will not receive an exception for this procedure if the LHA can produce the last DHCD-approved executive contract signed by the LHA, Executive Director and DHCD.

Budgeted Salary vs. Year End Actuals in Top 5 Form

The “Planning Year” of the AUP checked that the budgeted salary numbers in HAFIS matched the year-end Top 5 Form “analytically” but did not clarify how close in terms of dollars or percentages they should be of each other.

The new “Publishing Year” version of the AUP clarifies this point – it states that the year-end actuals reported on the Top 5 Form compared to the budgeted amount should be within the ANUEL percentage increase for DHCD’s fiscal year as outlined in the Budget Guidelines. It also clarifies that overtime should be excluded for maintenance salaries from the year-end actuals before making this comparison.

The AUP also continues to check that the year-end actuals reported in the Top 5 Form match the relevant tax forms, i.e. a reconciled Form 941 and the corresponding state online submission (mass.gov/lwd/unemployment-insur/employers/).

GASB 68

Sometimes LHAs do not receive their actuarial report for GASB 68 in time to report them on the year-end financial statements. In these cases, the AUP now allows LHAs to report last year’s GASB 68 numbers.

Criteria: Accounts Payable

Operating, Capital and Credit Card Expenditures

Based on data DHCD compiled on AUPs received for three-quarters of the “Planning Year,” fewer had findings for operating or capital expenditures, while more LHAs had findings for credit cards.

For this reason, for the “Publishing Year,” DHCD has combined operating and capital expenditures into one category, effectively halving the number of samples drawn for these types of expenditures. The combined sample for both types of expenditures is now (Small - 3, Medium - 5, Large - 7, Very Large - 9). DHCD then doubled the number of credit card samples to (Small – 6, Medium – 10, Large – 14, Very Large – 18).

Note for LHAs flagged with a finding for missing credit card documentation: If an LHA receives a finding for missing credit card documentation, LHAs will be asked by DHCD to obtain documentation, which can include a packing slip, a receipt or a purchase order. For example, if the charge was for Home

Depot, the LHA can contact the company and obtain a copy of the receipt. If the LHA is not able to produce documentation and the purchase is for a valid business reason, the employee who made the purchase will be required to sign a form attesting to the validity of the charges. The Executive Director (or Treasurer if employee is ED) must also sign the form noting their approval. An employee may only sign the form **twice** before DHCD seeks further action. The board should also be informed of this AUP finding.

Criteria: Inventory

Inventory Listing

The “Publishing Year” version of the AUP adds additional detail to the procedure looking at an LHA’s inventory listing. An LHA’s inventory listing should include both capitalized and non-capitalized items of \$1,000 or more. All items that appear on the inventory listing should be tagged with a unique identification number, and all refrigerators and stoves (regardless of value) should be tagged.

Fixed Asset Listing/Depreciation Schedule

The Fixed Asset Listing/Depreciation Schedule should include all relevant assets of \$5,000 or more. It should include all necessary information to sufficiently identify an asset; for vehicles that means make/model/year and for modernization jobs that includes the FISH number.

Criteria: Procurement

Changes in Massachusetts’ Bid Laws:

As of November 7th, 2016, Chapter 218, “An Act Modernizing Municipal Finance and Government” became effective. As a consequence, Massachusetts’ Bid Laws 30B have changed.

Changes affect the following:

- Advertising Requirements
- Bid Amount Thresholds
- Bidding Procedures

The Inspector General (IG) charges for public procurement procedures may be found here: <http://www.mass.gov/ig/publications/guides-advisories-other-publications/procurement-charts-november-7-2016.pdf>

Note: DHCD requirements differ slightly from the IG charts.

As a result of changes in bid laws, the procurement section of the AUP has adjusted accordingly. Any procurements completed post November 7th, 2016 per the AUP must follow the new law.

Clarification of Board Approval

The “Publishing Year” of the AUP has two choices with regards to board approval of a procurement. There must be either:

- 1) Documentation of a board vote approving an individual contract, or
- 2) Documentation of a board vote delegating authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually the Executive Director.

Contract Register

The AUP checks that a contract register exists and includes all modernization as well as goods and services contracts. For each contract, it includes the following information: contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date and remaining value. For a “contract register” template, reach out to your HMS.

Criteria: Cash Management and Subsidy Criteria

There are no changes for these two criteria for the “Publishing Year.”

Criteria: Rent Calculation and Compliance

MRVP:

For the “Publishing Year” version of the AUP, roughly 10% of MRVP leased units will be sampled for AUP procedures in this section (with exception of category D which doesn’t apply to MRVP).

In addition, there is a new category called “MRVP Documentation.” Procedures in this category will only be conducted on AUPs conducted after July 31, 2017. This section of the AUP tests that the MRVP file contains the following four documents.

- Certificate of Fitness (COF)
- Letter of Compliance for Lead Paint (if child <6 and building built prior to 1978 with no new construction permits)
- Proof of Ownership (can be either 1. Deed/Online Printout from Registry of Deeds or 2. Proof of Insurance or 3. Tax Documents).
- W9

Questions?

MRVP questions should be directed to Charlie Vasilades (Charlie.Vasiliades@MassMail.State.MA.US).

Procurement questions should be directed to Dean Harris (Dean.Harris@MassMail.State.MA.US).

For any other AUP questions, please contact your HMS.

Appendix A: One Page Summary of AUP Changes and Publishing Year AUP Tool

Rent Collection

- NEW* Reasonableness Test for Allowance for Doubtful Accounts (*effective start of Publishing Year*)
- NEW* Reconciling Repayment Agreements to Financial Statements (*for parts that changed due to TAR PHN 2017-13, effective starting with LHAs with FYE 9/30/17*)
- Policy Change - Write-Offs of Uncollected Rent (*effective once TAR PHN 2017-13 goes out*)

Payroll

- NEW* Limits on accrual of leave, limits on carryover of leave and cap on payout of leave language must be part of LHA personnel policy (*effective for **any** AUPs conducted after 9/30/17*)
- NEW* LHA has DHCD-approved ED contract (*effective start of Publishing Year*)
- Clarification - Top 5 salary must be within ANUEL increase (%) for that year of the budgeted numbers (*effective start of Publishing Year*)

Accounts Payable

- Change in Samples (half the sample for capital/operating, double for credit cards) (*effective start of Publishing Year*)

Inventory

- Clarification - Inventory list should include Capitalized and Non-Capitalized in Amounts of \$1,000 or more (per Accounting Manual) (*effective start of Publishing Year*)
- Clarification – All items on inventory list should be tagged and ALL stoves and refrigerators (regardless of value) should be tagged (*effective start of Publishing Year*)
- Clarification – Fixed Asset Listing/Depreciation Schedule should include amounts of \$5,000 or more (per Accounting Manual) (*effective start of Publishing Year*)

Procurement

- Changes in Law – Per November 7th Bidding Law Changes (*effective start of Publishing Year*)
- Clarification – Board vote can be on 1) individual contract or 2) delegating authority of certain types of procurements to LHA staff member (*effective start of Publishing Year*)
- Update – Contract register should now include both goods and services as well as modernization contracts (*effective start of Publishing Year*)

Subsidy and Cash Management

- No changes for these two criteria

Rent Redetermination

- Sample Change – will sample 10% of MRVP units; continue to conduct most of Rent Calculation section for MRVP (*effective start of Publishing Year*)
- NEW* - MRVP file has following documentation (*effective for any AUPs conducted after 7/31/17*):

1) Certificate of Fitness 2) Letter of Compliance for Lead Paint (when applicable) 3) Proof of Ownership 4) W9

Housing Authority:

Fiscal Year End (FYE):
Date AUP Conducted:
Executive Director:
CPA:
CPA Phone:

A. Rent Collection / Tenant Accounts Receivable / Account Write-Offs

Number of Category Exceptions: 0	Category Rating: No Findings
A. Rent Collection – Walk-through of sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of individual rent receipts to ensure all the following steps are being executed. 1. Log of rent collected is complete, accurate and includes all necessary information. 2. Post-dated checks for current amount due is not accepted payment by LHA. 3. Trace amounts from receipt log to deposit slip for bank. Cash is deposited daily per DHCD guidelines (per Accounting Manual Sec. 8, p. 3). Except IF: LHA has only one administrative employee who deposits cash at least weekly. 4. Reconcile tenant ledger with receipt log, bank deposit and General Ledger. 5. What is on General Ledger matches bank statement (bank reconciliation) and Operating Statement and Balance Sheet (51-1 and 51-2 respectively).	No Exception Found
B. Rent Collection – Segregation of Duties 1. Document and evaluate internal controls and segregation of duties for steps 1 to 5 above. For LHAs with only one administrative employee: if sufficient internal controls and segregation of duties are not in place, there are mitigating controls in place, such as reporting the frequency/amount of credit adjustments to the board or fee accountant.	No Exception Found
C. Rent Collection – Tenant Accounts Receivables (TAR) 1. Aging of Tenant Accounts Receivable is matched to the General Ledger and to the Balance Sheet TAR (51-2). 2. Draw a sample of uncollected TAR accounts (Small - 3, Med - 5, Large - 7, Very Large - 9). Rent Collection is in compliance with LHA rent collection policy (per Contract for Financial Assistance (CFA) and Management Plan IIIC). 3. Allowance for Doubtful Accounts is determined in accordance with GAAP and LHA has evaluated estimate on annual basis. Reasonable allowance based on historical data. Repayment Agreements reconcile to the Balance Sheet/Operating Statements and are in accordance with DHCD policy.	No Exception Found
D. Account Write-Offs – Walk-through uncollected rent that was written-off. If no write-offs can be found, please select N/A option from drop down for both steps 1 and 2. 1. Obtain detail of write-offs and verify that write-offs are in accordance with DHCD policy. 2. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).	No Exception Found

Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
B. Payroll/Fringe Benefits	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Wage Reconciliation	No Exception Found
<p>1. Verify analytically (not to exact amount) that FYE-end wages gross payroll reported on the LHA's General Ledger for all programs and all employees matches actual wage amounts reported on Forms 941 and WR-1 (state and federal filings).</p> <p>2. Look at DHCD-approved budget <i>Schedule of All Salaries and Positions "Report"</i> in HAFIS and identify five highest paid salaries from all funding sources. Verify analytically (within % ANUEL increase for that year - exclude overtime in calculation for maintenance employees) that it matches the amount reported at FYE on the LHA's Top 5 Compensation Form (LHA should have a copy on file). Verify the amount reported on the Top 5 Compensation Form matches <u>exactly</u> the amount reported on reconciled Form 941 and the corresponding state online submission (mass.gov/lwd/unemployment-insur/employers/).</p> <p>3. LHA is in possession of DHCD-approved executive contract signed by the LHA, Executive Director and DHCD. If LHA can show that currently being processed by DHCD and was not returned to the LHA for failing to meet DCHD's requirements, LHA can produce the last DHCD-approved executive contract signed by the LHA, Executive Director and DHCD.</p>	
B. Select a Single Pay Period:	No Exception Found
<p>1. Trace timesheets/timecards to the payroll register.</p> <p>2. Test for completeness and accuracy.</p> <p>3. Proper controls and approvals are in place, i.e. employees sign timesheets, the Executive Director signs off on employee timesheets, and the Executive Director maintains a timesheet.</p>	
C. Obtain a compensated absences liability schedule:	No Exception Found
<p>1. Test for consistency with personnel policy (personnel policy required per Contract for Financial Assistance (CFA) and Management Plan IIa2) and reconcile to Balance Sheet (51-2) and General Ledger. If AUP conducted after 9/30/17, personnel policy includes (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment per PHN 2017-14. Verify analytically future liabilities for employee benefits (particularly GASB 45 and GASB 68) are properly reflected on Operating Statement (51-1) and Balance Sheet (51-2). If GASB 68 actuarial reports were not received by the LHA in time for year-end financial statements, it is OK for LHA to report last year's GASB 68 numbers.</p> <p>2. Proper controls and approvals are in place, i.e. Executive Director approves employee compensated absences.</p> <p>3. Compensated absences should be tracked apart from the timesheets, and verification with timesheets should be performed.</p> <p>4. Accrued and Accumulated leave time matches. Time is accruing as it should.</p>	
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:	
C. Accounts Payable/Disbursements	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of operating and capital expenditures (at least 1 of each type if have). 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification	No Exception Found
C. Select a sample (Small - 6, Med - 10, Large - 14, Very Large - 18) of credit card/debit card statements. If no credit/debit expenditures can be found, please select N/A option from drop down for <u>all</u> steps 1 to 8. 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation (CPAs: include date, description of charge and amount of transaction for each purchase missing documentation below) 4. Allowability 5. Allocation 6. Classification 7. No Sales Tax Paid 8. Card is in Housing Authority name; not Executive Director (or any other staff member) name.	No Exception Found
D. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of employee reimbursements (include at least one travel reimbursement). 1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification	No Exception Found
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	

Housing Authority:

D. Inventory (Fixed Assets)

Number of Category Exceptions: 0 Category Rating: No Findings

<p>A. Obtain a copy of the depreciation schedules/fixed asset listing:</p> <ol style="list-style-type: none"> Inventory listing includes both capitalized and non-capitalized items (such as refrigerators, stoves, community room equipment, office equipment, etc.) of \$1,000 or more. It also includes all necessary information, including a tag with an LHA-assigned number for all assets of \$1,000 or more (and all refrigerators and stoves of any value). Depreciation schedule/fixed asset listing includes all relevant assets of \$5,000 or more. It also includes all necessary information to sufficiently identify an asset. For vehicles, that includes the make/model/year and for modernization jobs the Fish number. Items on depreciation schedule/fixed asset listing are being accurately depreciated. Reconcile depreciation schedule/fixed asset listing to Form 51-1 (Operating Statement) and General Ledger and evaluate for completeness and sufficiency of detail. Verify analytically that items listed still exist and are in possession of LHA. Assets are appropriately allocated between Federal and State on General Ledger, Operating Statement (51-1), and depreciated according to which funds were used for purchase. 	<p>No Exception Found</p>
<p>B. Capitalization Policy</p> <ol style="list-style-type: none"> Verify capitalization policy is within state established limits (per Accounting Manual, Sec. 16, p.3). 	<p>No Exception Found</p>
<p>C. Vehicles</p> <ol style="list-style-type: none"> Confirm vehicles are listed on fixed asset listing, and trace vehicles listing to insurance policies. 	<p>No Exception Found</p>

<p><i>Exceptions Noted:</i></p>	
<p><i>Internal Control Recommendation:</i></p>	
<p><i>Authority's Response:</i></p>	

Housing Authority:	
E. Procurement/Public Bidding for Goods and Services	
Number of Category Exceptions: 0	Category Rating: No Findings
<p>For A to C below, examine the cash disbursements journal (or check register) as well as the contract register and identify purchases of goods and services during the year that should have been competitively procured. From these purchases that should have been competitively procured, select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of known or possible procurements valuing \$10,000 or more; if possible when selecting the sample, include at least one procurement valuing \$10,000 to \$35,000 and one procurement valuing \$35,000 or more (for goods and services for MGL c. 30B only). If any in the sample were not competitively procured, enter as an exception in A. For sampled purchases that went through procurement, follow procedures under B or C below depending on the size of the procurement.</p>	
<p>A. Competitive Procurement When Required</p> <p>1. Verify that sampled purchases for goods and services that should have been competitively procured as defined per MGL c. 30B were competitively procured.</p>	No Exception Found
<p>B. Known procurements valuing (pre 11/7/16 - \$10,000 up to \$35,000 OR post 11/7/16 \$10,000 up to and including \$50,000) (for goods and services for MGL c. 30B only). If no procurement can be found valuing \$10,000 up to \$35,000, please select N/A option from drop down for each step 1 - 7 below.</p> <p>1. (pre 11/7/16) Proper selection based on MGL c.30B s.5 IFB requirements/(post 11/7/16) Proper selection based on MGL c.30B s.5 solicitation of quotes requirements. 2. (pre 11/7/16) Documentation of solicitation of at least three oral or written quotes/(post 11/7/16) Documentation of a written purchase description with solicitation of <u>written</u> quotes from at least three persons. 3. Contract is DHCD-approved template or developed by LHA (not a vendor contract). 4. Contract was for not more than 3 years unless majority board vote allowed it to be longer. 5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director. 6. Contract did not go through automatic renewals unless renewals were part of the original procurement. 7. LHA Procurement Policy exists (per Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 6 above.</p>	No Exception Found
<p>C. Known procurements valuing (pre 11/7/16 - \$35,000 or more OR post 11/7/16 more than \$50,000) (for goods and services for MGL c. 30B only). If no procurement can be found in this value range, please select N/A option from drop down for each step 1 - 8 below.</p> <p>1. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. (post 11/7/16 only: If using MGL C.30B s.6 RFP requirements, LHA must have a Chief Procurement Officer (CPO) conduct the procurement under c.30B s.6.) 2. (pre 11/7/16) Documentation of Newspaper advertisement two week prior to bidding process/(post 11/7/16) Documentation of Newspaper advertisement, LHA's Office and COMMBUYS two weeks prior to bidding process. 3. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin. 4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder. 5. Contract is DHCD-approved template or developed by LHA (not a vendor contract). 6. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director. 7. Contract did not go through automatic renewals unless renewals were part of the original procurement. 8. LHA Procurement Policy exists (Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 7 above.</p>	No Exception Found
<p>D. Obtain a copy of the contract register and verify:</p> <p>1. Contract register exists and includes all modernization as well as goods and services contracts (per Accounting Manual, Sec. 6, p.12)/PHN 2017-14. 2. For each contract, it includes the following information: contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date and remaining value. 3. Evaluate for completeness by analyzing the cash disbursements journal against the contract register.</p>	No Exception Found
<p>Exceptions Noted:</p>	
<p>Internal Control Recommendation:</p>	
<p>Authority's Response:</p>	

Housing Authority:	
F. Cash Management and Investment Practices	
Number of Category Exceptions: 0 Category Rating: No Findings	
A. Pull a mid-year and year-end bank statements:	No Exception Found
1. Test the monthly bank reconciliation to ensure that the following two match: General Ledger and bank statements (exclude deposits of rent collected as this was covered earlier). 2. Checks that have been issued and marked on General Ledger but have not been cashed (not on bank statement), known as checks in transit are identified as a part of the reconciliation process.	
B. Bank and Investment Accounts	No Exception Found
1. Verify that banking and investment accounts are properly insured or collateralized (per Accounting Manual Sec. 16, p.7)	
<i>Exceptions Noted:</i>	
<i>Internal Control Recommendation:</i>	
<i>Authority's Response:</i>	

Housing Authority:	
G. Operating Subsidy	
Number of Category Exceptions: 0 Category Rating: No Findings	
A. Obtain copy of DHCD-approved budget exemptions. If no DHCD-approved exemptions, please select N/A option from drop down for step 1 below. 1. Compare DHCD-approved budget exemptions for direct reimbursement (as found in the ANUEL & Subsidy Worksheet - Section 8) to LHA record of actual expenses to the General Ledger.	No Exception Found
B. Revenue Reconciliation 1. Reconcile revenue to the General Ledger. Compare revenue reported in Accounts #3110, #3190, #3610 and #3690 in the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.	No Exception Found
C. Utility Reconciliation 1. Reconcile utilities to the General Ledger. Compare utilities reported in Account #4300 on the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.	No Exception Found
<i>Exceptions Noted:</i>	
<i>Internal Control Recommendation:</i>	
<i>Authority's Response:</i>	

Housing Authority:	
H. Annual Rent Calculation and Compliance	
Number of Category Exceptions: 0 Category Rating: No Findings	
To conduct A through D below, select a sample (Small LHA - 5, Medium LHA - 10, Large or Very Large LHA - 15) of tenant files (from programs 200, 667, 705); if the LHA has multiple property managers, at least one file should be selected per manager. Conduct A to C and E, if have MRVP, sample 10% (min:1 max:15) of leased MRVP units.	
A. Obtain the rent roll and HAP roll:	No Exception Found
1. Verify analytically the completeness of the resident population. (Rent roll and HAP roll support what is reported on Operating Statement Form 51-1).	
B. Timeliness of Annual Rent Calculation	No Exception Found
1. Verify timeliness of annual rent redetermination (occurs one year from move-in date or last annual recertification). Except IF: LHA can produce DHCD waiver for Chapter 667 annual rent redetermination requirement and has done rent redetermination once within 2 years of move-in date or last annual recertification).	
C. Accuracy of Rent Calculation	No Exception Found
1. Test rent calculation for proper verification of income, expenses and deductions. 2. Verify family composition for allowance purposes. 3. Documentation of income, exclusions from income, and deductions.	
D. Timeliness of Notifications Regarding Rent Changes	No Exception Found
1. Verify notification of rent redetermination sent at least 60 days prior to effective date (see 760 CMR 6.04 (4)(b)). 2. Verify Notice of Rent Change sent no less than 14 days prior to effective date (see 760 CMR 6.04 (4)(e)). 3. Verify timeliness and proper execution of Lease Addendum (see 760 CMR 6.06 (5)(q)).	
E. MRVP Documentation (starting with AUPs conducted after 7/31/17)	No Exception Found
1. MRVP file has Certificate of Fitness (COF). 2. MRVP file has Letter of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit. 3. MRVP file has Proof of Ownership which is either 1. Deed/Online Printout from Registry of Deeds or 2. Proof of Insurance or 3. Tax Documents. 4. MRVP file has W9.	
Exceptions Noted:	
Internal Control Recommendation:	
Authority's Response:	