

**BOSTON HOUSING AUTHORITY
AGREED-UPON PROCEDURES
YEAR ENDED MARCH 31, 2020**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Boston Housing Authority
Boston, Massachusetts

We have performed the procedures enumerated below, which were agreed to by Boston Housing Authority (the specified parties), to comply with the required procedures enumerated in the attached, which were agreed to by the Department of Housing and Community Development (the DHCD) related to Boston Housing Authority's compliance with Chapter 235 "An Act Relative to Local Housing Authorities" (the Act) as of and for the year ended March 31, 2020. Boston Housing Authority's management is responsible for the compliance with the Act. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

A. General Accounting

Procedures:

1. Reconciling financial statements to general ledger. Performed the following steps:
 - a. Compared the amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2) to determine if they reconcile to Boston's Housing Authority's general ledger.
2. Verify that the following general ledger accounts reconcile to supporting documentation within a tolerable error of +/- \$100 (unless otherwise noted):
 - a. Cash accounts (#1111 to #1114.1 and #1162) agree with bank statements and reconciliations.
 - b. Tenant Accounts Receivable and Prepaid Tenant Rent accounts (#1122, #1124, and #2240) agree with aging's of Tenants Accounts Receivable (TAR).
 - c. Capital Assets and Accumulated Depreciation (all fixed assets except 1400.2) agree with the depreciation schedule/capital asset listings.
 - d. Accounts Payables accounts (#2111, #2111.1, #2120 and #2139) agree with supporting documentation for Accounts Payables and accruals.
 - e. Accrued Compensated Absences accounts (#2135 and #2335.01) agree with the compensated absences schedule.

- f. DHCD approved budget exceptions for direct reimbursement as found in (ANUEL & Subsidy Worksheet – Section 8 in the Operating Statement) agree with the Boston Housing Authority's record of actual expenses in the General Ledger.
 - g. Salaries and Gross Wages (#4110, #4410, and #4120) are within a tolerable error of 3.0% from the MA Form WR-1 (state filings).
 - h. Balance Sheet Accounts (#2140, #2339.1, and #2339.2) agree with OPEB/Pension reporting.
3. Verify that the Boston Housing Authority is following the DHCD Public Housing Notice #2018-4, Direct Cost Exception for Operating Reserves Augmentation in FY2019 Budget & New Reserve Thresholds, including
- a. If operating reserves are below 35% and expenditure is Health and Safety related, the Authority submitted Request form after expenditure was incurred. If operating reserves are 20% up to 35% and expenditure is not Health and Safety related, the Authority submitted Request Form and received DHCD approval prior to expenditure. No operating reserve expenditures if operating reserve is below 20% and expenditure is not Health and Safety related.

Results:

- Step 1 – See results noted in Steps 2a – 2g below.
- Step 2a – Obtained the state-aided monthly bank statements and corresponding reconciliations for March 31, 2020. Noted a variance of \$9,714 when reconciling to account #1111 on the Form 51-2. This amount is above the +/- \$100 tolerable error. No amounts were reported for accounts #1114.1 and #1162. Exception noted.
- Step 2b – Obtained the Aging of Tenant Accounts Receivables (TAR) which included the Prepaid Tenant Rent amounts for state-aided funds processed by the Boston Housing Authority as of March 31, 2020. Verified that the amount reconciled to account #1122 on the Form 51-2. No amounts were reported for accounts #1124 and #2240. No exceptions noted.
- Step 2c – Obtained a copy of the capital asset and accumulated depreciation schedule as of March 31, 2020 for land, building, building improvements, and other equipment (administration/maintenance) and the accumulated depreciation schedule. Verified that the capital assets and accumulated depreciation amounts reconciled to all fixed asset account numbers on the Form 51-2. No exceptions noted.
- Step 2d – Obtained general ledger support for accounts payable and accrued liabilities as of March 31, 2020. Verified that the amounts reconciled to accounts #2111, #2111.1, #2120 and #2139 on the Form 51-2. No exceptions noted.
- Step 2e – Obtained a copy of the accrued compensated absences schedule as of March 31, 2020. Verified that the amounts reconciled to accounts #2135 and #2335.01 on the Form 51-2. No exceptions noted.

- Step 2f – Obtained the ANUEL & Subsidy Worksheet for March 31, 2020 and verified that the amounts reported for approved exceptions for direct reimbursement agree to the amounts reported on the Form 51-1. No exceptions noted.
- Step 2g – Obtained the Schedule of All Salaries and Positions report as of March 31, 2020 and compared the total salary amounts for administrative and labor to the amounts reported to accounts #4110 and #4410 on the Form #51-1. Noted that salary amounts are within a +/-3% tolerable error. No amounts were reported for accounts #4120. No exceptions noted.
- Step 2h – Obtained FDS support for fiscal year ending March 31, 2020 and verified analytically that future liabilities for employee benefits (GASB 45 and GASB 68) are properly reflected on Form #51-2. No exceptions noted.
- Step 3 – Obtained a screenshot of the Boston Housing Authority's Operating Reserve Analysis that was submitted to the DHCD for fiscal year ending March 31, 2020. Verified that the FYE operating reserve balance is above 35% of full reserves. No exceptions noted.

B. Tenant Accounting

Procedures:

1. Obtained from management a listing of Accounts Receivable Activity for state-aided funds processed by the Boston Housing Authority for the period April 1, 2019 through March 31, 2020. Haphazardly selected twenty cash receipts, including at least 20% being credit adjustments, from the above period for deposits processed by the Boston Housing Authority for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Verified supporting documentation for rent receipts are retained.
 - b. Verified rent receipts are posted to the correct tenant accounts.
 - c. Verified documentation supporting credit adjustments are retained.
 - d. Verified that the Boston Housing Authority followed its rent collection policy for nonpayment of rent (i.e., issued notice to quit, followed eviction protocol).
2. Obtained detail of write-offs and verify that the write-offs are in accordance with the Boston Housing Authority policy. Verified there is documentation of board approval to write-off account.
3. Obtained from management a listing of vacancies accounted for by the Boston Housing Authority's operating software. Verified that the number of vacancies in the listing is the same number of vacancies reported in the DHCD's On-Line Vacancy System for the fiscal year.

Results:

- Step 1 – Obtained the Accounts Receivable Activity as of March 31, 2020 for state-aided funds noted above and selected twenty cash receipts for state-aided funds and performed the procedures enumerated above. No exceptions noted.

- Step 2 – Reviewed the Boston Housing Authority’s detail of write-offs for state-aided funds as of March 31, 2020 and performed the procedures enumerated above, noting no exceptions. Per discussion with management, write-off of accounts is performed on a quarterly basis. Since there is no Board of Directors the Assistant Director of Property Management approves the write-offs. No exceptions noted.
- Step 3 – Reviewed the Boston Housing Authority’s detail of vacant units as of March 31, 2020 and agreed the total number of vacant units within their operating software to the total number of vacant units reported in the DHCD’s On-Line Vacancy System. No exceptions noted.

C. Payroll

Procedures:

1. Obtained from management the Top 5 Compensation form. Verified analytically that the salary amounts and positions for the top 5 compensated employees per this form matched the five highest paid salaries that were identified on the DCHD-approved budget *Schedule of All Salaries and Positions “Report”* in HAFIS within a tolerable error of +/-3% of budgeted salary. Verified the amount reported on the Top 5 Compensation Form matches exactly the amount reported on reconciled to the corresponding state online submission form, Form WR-1. Verified that the Authority is in possession of DHCD-approved executive contract signed by the Authority, Executive Director, and DHCD.
2. Selected a single pay period and performed the following procedures:
 - a. Traced time logged on employee timesheets/timecards to the payroll register.
 - b. Verified timesheets/timecards are maintained by all employees and are approved by supervisor (including leave time taken).
 - c. Verified annual leave time (i.e., sick, vacation, personal) used is identified on timesheets/timecards and is accurately accounted for in compensated absence register.
3. Obtained a copy of the compensated absences liability schedule and the Authority’s personnel policy and performed the following:
 - a. Verified that the personnel policy includes (1) a limit on the amount of vacation and sick leave that will be accrued each year, when/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.
 - b. Verified that the Authority is accounting for annual leave time earned in accordance with the Authority’s personnel policy.

Results:

- Step 1 – The following are the results of wage reporting procedures:
 - Obtained the Top 5 Compensation Form as of March 31, 2020 from management, identified the five highest paid salaries from the *Schedule of All Salaries and Positions "Report"* and verified that the salary amounts and positions per both forms agreed within a tolerable error of +/-3% of budgeted salaries. No exceptions noted.
 - Obtained the Top 5 Compensation Form and the Quarterly WR-1 Form for the fiscal year ended March 31, 2020. We noted that the Quarterly WR-1 Form does not break the amount down by top compensation amounts, therefore we obtained a reconciliation from management to agree in total. No exception noted.
 - The Administrator of the Authority is appointed by the Mayor of Boston. Her salary is also approved by the Mayor of Boston. There is no agreement or contract in place. No exceptions noted.
- Step 2 – Selected a single pay period and tested all employees charged to state-aided funds to the attributes noted above. No exceptions noted.
- Step 3 – Obtained a copy of the Boston Housing Authority's compensated absences policy effective during the fiscal year ended March 31, 2020. Verified that the Authority's policy outlines limits on the amount of vacation and sick leave that will be accrued each year, when/how the leave will be accrued, limits the amount of accrued vacation that may be carried over from year to year, sets a cap on the payout for accrued and unused sick leave at the end of employment. No exceptions noted.

D. Accounts Payable

Procedures:

1. Obtained from management listings of capital/operating expenditures, credit card expenditures, and employee reimbursements for state-aided funds processed by the Boston Housing Authority for the period April 1, 2019 through March 31, 2020. Haphazardly selected twenty-five cash disbursements (selecting at least one from each listing) from the above period for disbursements processed by the Boston Housing Authority for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Verified cash disbursements were authorized in accordance with the Authority's policies.
 - b. Verified cash disbursements agree with supporting documentation.
 - c. Verified supporting documentation is sufficiently detailed.
 - d. Examined invoices to verify costs are allowable (i.e., sales tax, alcohol, lottery tickets).
 - e. For those invoices allocated, examined the allocation to verify proper recording.
 - f. Examined invoices to verify costs are properly classified.

Results:

- Step 1 – Selected twenty-five cash disbursements for state-aided funds (consisting of a mix of capital/operating expenditures, credit card expenditures, and employee reimbursements) occurring during the fiscal year ended March 31, 2020 and performed the procedures enumerated above. No exceptions noted.

E. Inventory

Procedures:

1. Obtained from management a listing of capital and noncapital assets for the period April 1, 2019 through March 31, 2020 and performed the following:
 - a. Verified that the Authority performed a physical count of its capital and noncapital asset inventory annually.
 - b. Verified inventory listing includes both capitalized and noncapitalized items 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. For relevant assets of \$5,000 or more, it also includes all necessary information to sufficiently identify an asset.
 - c. Verified that the Authority identified additions and disposals of capital and noncapital assets.
 - d. Selected a random sample of twelve noncapital assets by tag number and verify existence (N/A in FY20).

Results:

- Step 1-a – The Authority maintains state funded inventory through its Central Office, therefore does not perform a physical count of its capital and noncapital asset inventory at the state level. Exception noted.
- Step 1-b – The Authority does not have an inventory listing by LHA-assigned number. Exception noted.
- Step 1c – Obtained general ledger detail for the fiscal year ended March 31, 2020 supporting all additions and disposals for capital and noncapital assets. No exceptions noted.
- Step 1d – N/A in FY20.

F. Procurement

Procedures:

Examined the cash disbursements journals as well as the contract registers to identify purchases of goods and services that should have been competitively procured. From these purchases, selected a sample of nine procurements. For the items selected, performed the following procedures:

1. Verified the Authority's procurement policy meets the following:

- a. Policy is consistent with the requirements of MGL c. 30b.
 - b. Authority maintains a contract register which includes contractor, description active/inactive, change order amounts, contract expenditures to date and remaining value.
2. For known procurements valuing \$10,000 up to and including \$50,000 performed the following procedures:
- a. Proper procurement method used.
 - b. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements.
 - c. Documentation of a written purchase description with solicitation of written quotes from at least three persons.
 - d. Contract was not for more than three years unless majority board vote approved.
 - e. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts to an LHA staff member.
 - f. Contract did not go through automatic renewals unless renewals were part of the original procurement.
 - g. Verified contracts are included on the Authority's contract register.
3. For known procurements valuing more than \$50,000 performed the following procedures:
- a. Proper procurement method used.
 - b. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. If using MGL C.30B s.6 RFP requirements, LHA must have a Chief Procurement Officer conduct the procurement under c.30B s.6 selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements.
 - c. Documentation of newspaper advertisement, Agency's Office and COMMUYS two weeks prior to bidding process. If contract was over \$100,000, it was advertised in the Goods & Services bulletin.
 - d. If IFB, contract award went to lowest bidder. If RFP, contract went to the lowest bidder or letter explaining why it went to a different bidder.
 - e. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts to an LHA staff member.
 - f. Contract did not go through automatic renewals unless renewals were part of the original procurement
 - g. Verified contracts are included on the Authority's contract register.

Results:

- Step 1a – Obtained the Boston's Housing Authority's procurement policy effective during the fiscal year ended March 31, 2020 and verified that it is consistent with the requirements of MGL c. 30b. No exceptions noted.
- Step 1b – Obtained a copy of the contract register as of March 31, 2020 and verified it included contracts noted in Steps 2 and 3 above. For each contract it is noted that the identifying information listed in Steps 2 and 3 above are included. No exceptions noted.
- Step 2 – Selected a sample of three contracts valuing \$10,000 up to \$50,000 and performed the procedures enumerated in step 2 above. No exceptions noted.
- Step 3 – Selected a sample of six contracts valuing greater than \$50,000 and performed the procedures enumerated in step 3 above. No exceptions noted.

G. Eligibility Compliance

Procedures:

1. Obtained the rent roll from management for the state-aided funds for the period April 1, 2019 through March 31, 2020. Haphazardly selected fifteen tenant files from the rent roll for the above period for tenants receiving state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection
 - a. Verified timeliness of annual rent determination.
 - b. Proper rent was calculated.
 - c. Verified family composition for allowance purposed.
 - d. Examined the file for documentation of income, exclusions from income and deductions.
 - e. Examined notification of rent redetermination was sent at least 60 days prior to effective date.
 - f. Examined notice of rent change sent no less than 14 days from effective date.
 - g. Examined executed lease addendum for signature and date.
2. Obtained the Housing Assistance Payments roll (HAP) from management for the state-aided funds for the period April 1, 2019 through March 31, 2020. Haphazardly selected fifteen tenant files from the HAP register from the above period for tenants receiving HAP from the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Verified timeliness of annual rent determination.
 - b. Proper rent was calculated.

- c. Verified family composition for allowance purposed.
- d. Examined the file for documentation of income, exclusions from income and deductions.
- e. Reviewed file for Certificate of Fitness (N/A in FY20).
- f. Reviewed file for Letter of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit.
- g. Reviewed file for Proof of Ownership (N/A in FY20).
- h. Reviewed Proof of Insurance (N/A in FY20).
- i. Reviewed file for W9 for landlords (N/A in FY20).

Results:

- Step 1 – We selected fifteen tenants from the rent rolls for state-aided funds for the fiscal year ended March 31, 2020 and performed the procedures enumerated above. No exceptions noted.
- Step 2 – We selected fifteen tenants from the HAP rolls for state-aided funds for the Fiscal year ended March 31, 2020 and performed the procedures enumerated above. For three out of the fifteen tenants selected, rent determination was not done timely, therefore step 2.a was not met. Exception noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Act. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Boston Housing Authority and the DHCD and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 24, 2021

Housing Authority Name: BOSTON HOUSING AUTHORITY

Fiscal Year End (FYE): Mar 2020

Date of AUP Conducted: 2/23/2021 12:00:00 AM

Executive Director: Kate Bennett, Acting

CPA: Clifton Larson Allen LLP

CPA Phone: 4124856767

HMS: Melanie Loveland-Hale

Total AUP Exceptions: 5

A. General Accounting

Total # of exceptions: 2

Rating: Operational Guidance

| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |
|--|------------|-----------------------|---------------------|--------------|
|--|------------|-----------------------|---------------------|--------------|

A. Reconciling financial statements to general ledger.

| | | | | |
|---|---|---|--|-----------|
| 1. The amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2, respectively) reconcile to the LHA's general ledger. (Tolerable error of +/- \$100). For all cases that don't match, please detail specifics including at a minimum account and variance amount in column to right. | E | See specific finding in Step A.B.1 below. | See specific recommendation in Step A.B.1 below. | see below |
|---|---|---|--|-----------|

B. The following general ledger accounts reconcile to supporting documentation (Tolerable error of +/- \$100, unless otherwise noted): For all cases that don't match, please detail specifics including at a minimum account and variance amount in CPA Recommendations column.

| | | | | |
|---|----|---|--|---|
| 1. Cash accounts (#1111 to #1114.1 and #1162) are in agreement with bank statements and reconciliations | E | The #1111 Cash Account balance per the General Ledger is \$9,714 higher than the Form 51-2. | It is recommended that the #1111 Cash Account balance be reconciled to the General Ledger in the current year. | There was a small state grant included in this bank account which was included in the BHA's GL/Bank reconciliation but was not applicable to the 51-2 for this program. |
| 2. Tenant Accounts Receivable and Prepaid Tenant Rent accounts (#1122, #1124 and #2240) are in agreement with agings of Tenants Accounts Receivable (TAR) | NE | | | |
| 3. Capital Assets and Accumulated Depreciation (all fixed assets except 1400.2) are in agreement with the depreciation schedule/fixed asset listing). | NE | | | |
| 4. Accounts Payables accounts (#2111, #2111.1, #2120 and #2139) are in agreement with supporting documentation for Accounts Payables and accruals. | NE | | | |
| 5. Accrued Compensated Absences accounts (#2135 and #2335.01) are in agreement with the compensated absences schedule. | NE | | | |

| | | | | |
|---|----|--|--|--|
| 6. DHCD approved budget exemptions for direct reimbursement as found in the (ANUEL & Subsidy Worksheet - Section 8 in the Operating Statement) are in agreement with LHA record of actual expenses in the General Ledger. | NE | | | |
| 7. Salaries and Gross Wages (4110, 4410, 4120) (tolerable error of +/- 3.0%) are in agreement with the MA form WR-1 (state filings). | NE | | | |
| 8. Balance Sheet Accounts (#2140, #2339.1, and #2339.2) are in agreement with OPEB/pension reporting. | NE | | | |

C. DHCD Public Housing Notice #2018-4, Direct Cost Exemption for Operating Reserve Augmentation in FY2018 Budget & New Operating Reserve Thresholds.

| | | | | |
|---|----|--|--|--|
| 1. The amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2, respectively) reconcile to the LHA's general ledger. (Tolerable error of +/- \$100). For all cases that don't match, please detail specifics including at a minimum account and variance amount in column to right. | NE | | | |
|---|----|--|--|--|

B. Tenant Accounting

| | | | | |
|---------------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------------------|
| Total # of exceptions: 0 | | Rating: No Findings | | |
| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |

A. Select a random sample of rent transactions (Small - 5, Med - 10, Large - 15, Very Large - 20) of rent transactions. Include at least 20% are credit adjustments and 20% are lease enforcements (if have).

| | | | | |
|---|----|--|--|--|
| 1. The Authority retained supporting documentation for rent receipts. | NE | | | |
| 2. The Authority posted rent receipts to the correct tenant accounts. | NE | | | |
| 3. The Authority retained documentation supporting credit adjustments. | NE | | | |
| 4. The Authority followed its rent collection policy for non-payment of rent (i.e., issued a notice to quit, followed eviction protocol.) | NE | | | |

B. Account Write-Offs

| | | | | |
|--|----|--|--|--|
| 1. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss). | NE | | | |
|--|----|--|--|--|

C. Vacancies Being Reported in Vacancy System

| | | | | |
|--|----|--|--|--|
| 1. Verify that the number of vacant units accounted for in the LHA's operating software is the same number of vacancies reported by the LHA in the DHCD On Line Vacancy System for the fiscal year | NE | | | |
|--|----|--|--|--|

C. Payroll

| | | | | |
|---------------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------------------|
| Total # of exceptions: 0 | | Rating: No Findings | | |
| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |

A. Wage Reporting

| | | | | |
|--|----|--|--|--|
| 1. Actual wages for the Top 5 highest paid employees was consistent with the DHCD-approved budget (Schedule of All Salaries and Positions Report), excluding over-time and longevity payments. (Tolerable error of +/- 3.0% of budgeted salary) | NE | | | |
| 2. Verify the amount reported on the Top 5 Compensation Form matches exactly the amount reported on reconciled to the WR-1. | NE | | | |
| 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 or at-will agreement signed by the LHA, Executive Director and DHCD. | NE | | | |

B. Payroll Testing for all employees from all funding sources - Select a single payroll period:

| | | | | |
|--|----|--|--|--|
| 1. The payroll register accurately accounts for time worked as logged on employee timesheets/time cards. | NE | | | |
| 2. Timesheets/time cards are maintained by all employees (including Executive Director) and were approved by supervisor (except Executive Director) including leave taken. | NE | | | |
| 3. Annual leave time (i.e., sick, vacation, personal) used is identified on timesheets/time cards and accurately accounted for in a compensated absences register. | NE | | | |

C. Compensated Absences Policy

| | | | | |
|--|----|--|--|--|
| 1. 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. | NE | | | |
| 2. The Authority is accounting for annual leave time earned in accordance with the Authority's personnel policy. | NE | | | |

D. Accounts Payable

Total # of exceptions: 0 **Rating: No Findings**

| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |
|--|------------|-----------------------|---------------------|--------------|
|--|------------|-----------------------|---------------------|--------------|

A. Select a random sample of (Small - 15, Med - 20, Large - 25, Very Large - 25) cash disbursement transactions. The auditor may substitute random selections for large or unusual items identified in a review of the cash disbursements journal. The auditor should substitute for at least one credit card statement, at least one employee expense reimbursement transaction, at least one capital expense, at least one operating expense and at least one debit card transaction. For all discrepancies, to the right detail the type of payable, the date, the charge, and the amount.

| | | | | |
|--|----|--|--|--|
| 1. Cash disbursements were authorized in accordance with the Authority's policies. | NE | | | |
| 2. Cash disbursements are in agreement with supporting documentation. | NE | | | |

| | | | |
|---|----|--|--|
| 3. Supporting documentation is sufficiently detailed. | NE | | |
| 4. Costs are allowable (i.e. sales tax, alcohol, lottery tickets) | NE | | |
| 5. Costs are properly allocated to the correct program(s). Cost of current year additions are allocated to programs in a manner consistent with the use of the asset. | NE | | |
| 6. Costs are properly classified. | NE | | |

| E. Inventory | | | | |
|--------------------------|------------|-----------------------|------------------------------|--------------|
| Total # of exceptions: 2 | | | Rating: Operational Guidance | |
| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |

| A. Capital and Non-Capital Asset Inventory | | | | |
|---|----|---|---|---|
| 1. The Authority performed a physical count of its capital asset and non-capital asset inventory at least annually (non-capital assets are refrigerators and stoves and other furniture equipment over the Authority's non-capital inventory threshold, which may not exceed \$1,000). | E | The Authority maintains state funded inventory through its Central Office, therefore does not perform a physical count of its capital and non-capital asset inventory at the state level. | The Agency should perform a physical count of its capital and non-capital asset inventory at the state level. | The BHA does place asset tags our equipment. Once the pandemic is over, BHA will be in a better position to verify the stoves and refrigerators in units. |
| 2. Capital and Non-Capital Asset inventory includes all necessary information to identify the asset. For non-capital assets that includes a tag with an LHA-assigned number for all assets of \$1,000 or more (and all refrigerators and stoves of any value). For relevant assets of \$5,000 or more that includes the make/model/year for vehicles and the FISH number. | E | The Authority does not have an inventory listing by LHA-assigned number. | The Agency should maintain an inventory listing that includes the LHA-assigned number. | The BHA does place asset tags our equipment. Once the pandemic is over, BHA will be in a better position to verify the stoves and refrigerators in units. |
| 3. The Authority identified additions and disposals of capital and non-capital assets for the accounting period. | NE | | | |
| 4. Select a random sample of non-capital assets by tag number (Small - 3, Med - 6, Large - 9, Very Large - 12) and verify existence. | -- | | | |

| F. Procurement | | | | |
|--------------------------|------------|-----------------------|---------------------|--------------|
| Total # of exceptions: 0 | | | Rating: No Findings | |
| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |

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 \$50,000 and one procurement valuing more than \$50,000 (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.

COVID-Related Temporary Changes: Only sample procurements done by the LHA; not RCAT or DHCD-assisted procurements. Documents to request for AUP include a copy of the ad(s), bid tabulation, board vote, signed contract, and contact register.

A. Procurement Policy

| | | | | |
|--|----|--|--|--|
| 1. The Authority's procurement policy is consistent with the requirements of MGL c. 30b (or more conservative federal regulations). | NE | | | |
| 2. The Authority maintains a contract register which 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. | NE | | | |

**B. Known and possible procurements valuing (\$10,000 up to and including \$50,000) (for goods and services for MGL c. 30B only).
LHA can follow more conservative federal regulations when applicable. [- If N/A selected for any one below, then default all drop downs to N/A in this section]**

| | | | | |
|---|----|--|--|--|
| 1. Proper procurement method used. | NE | | | |
| 2. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements. | NE | | | |
| 3. Documentation of a written purchase description with solicitation of written quotes from at least three persons. | NE | | | |
| 4. Contract was for not more than 3 years unless majority board vote allowed it to be longer. | NE | | | |
| 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. | NE | | | |
| 6. Contract did not go through automatic renewals unless renewals were part of the original procurement. | NE | | | |
| 7. The contracts are included on the Authority's contract register. | NE | | | |

**C. Known and possible procurements valuing (more than \$50,000) (for goods and services for MGL c. 30B only).
LHA can follow more conservative federal regulations when applicable. [- If N/A selected for any one below, then default all drop downs to N/A in this section]**

| | | | | |
|--|----|--|--|--|
| 1. Proper procurement method used. | NE | | | |
| 2. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. 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. | NE | | | |
| 3. Documentation of Newspaper advertisement, LHA's Office and COMMBUYS two weeks prior to bidding process. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin. | NE | | | |
| 4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder. | NE | | | |
| 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. | NE | | | |
| 6. Contract did not go through automatic renewals unless renewals were part of the original procurement. | NE | | | |

| | | | |
|---|----|--|--|
| 7. The contracts are included on the Authority's contract register. | NE | | |
|---|----|--|--|

G. Eligibility Compliance

| | |
|---------------------------------|-------------------------------------|
| Total # of exceptions: 1 | Rating: Operational Guidance |
|---------------------------------|-------------------------------------|

| | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |
|--|------------|-----------------------|---------------------|--------------|
|--|------------|-----------------------|---------------------|--------------|

A. Public Housing - 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.

| | | | | |
|---|----|--|--|--|
| 1. The Authority performed timely annual rent determinations (or bi-annual if the Authority has a waiver from DHCD to do so). | NE | | | |
| 2. The Authority properly calculated rent. | NE | | | |
| 3. The Authority verified family composition. | NE | | | |
| 4. The Authority verified income, exclusions from income and deductions. | NE | | | |
| 5. The Authority properly sent notifications of rent redetermination at least 60 days prior to the effective date. | NE | | | |
| 6. The Authority properly sent notifications of rent change at least 14 days prior to the effective date. | NE | | | |
| 7. The Authority was timely in the execution of lease addendums. | NE | | | |

B. MRVP - Select a sample of annual rent determinations (sample 10% (min:1 max:15) of leased MRVP units). [- If N/A selected for any one below, then default all drop downs to N/A in this section]

| | | | | |
|---|----|--|--|---|
| 1. The Authority performed timely annual rent determinations. | E | For three out of the fifteen tenants selected, rent determination was not done timely. | We recommend that the Authority implements a control in order to verify all rent redetermination are performed timely. | BHA's policy is to begin the recertification process 120 days in advance of the annual date. In some cases, the recertification is completed and the client subsequently reports a loss of employment prior to the certification becoming effective. In those cases, the Authority will retroactively reduce the resident's share with a new certification. The review of the new certification may cause the completion to appear non-compliant. |
| 2. The Authority properly calculated rent. | NE | | | |

| | | | | |
|--|----|--|--|--|
| 3. The Authority verified family composition. | NE | | | |
| 4. The Authority verified income, exclusions from income and deductions. | NE | | | |
| 5. The Authority obtained Certificates of Fitness (COF). | -- | | | |
| 6. The Authority obtained Letters of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit. | NE | | | |
| 7. The Authority obtained Proofs of Ownership | -- | | | |
| 8. The Authority obtained W9s for landlords. | -- | | | |