

FRANKLIN COUNTY REGIONAL HOUSING
AND REDEVELOPMENT AUTHORITY

Turners Falls, Massachusetts

Report on Agreed-Upon Procedures

September 30, 2020

FRANKLIN COUNTY REGIONAL HOUSING AND REDEVELOPMENT AUTHORITY
Turner Falls, Massachusetts

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

The Board of Commissioners
Franklin County Regional Housing and Redevelopment Authority
Turners Falls, Massachusetts:

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners, the Department of Housing and Community Development (DHCD) and management of the Franklin County Regional Housing and Redevelopment Authority (the Authority), solely to perform agreed-upon procedures, as prescribed by the Massachusetts Department of Housing and Community Development for the year ended September 30, 2020. The Authority's management is responsible for management decisions and functions and maintaining internal controls, including monitoring ongoing activities. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are presented in the Schedule of Agreed-Upon Procedures included with this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on the effectiveness of the Authority's internal controls or on compliance with certain provisions of laws, regulations, contracts and grant agreements. Accordingly, we do not express such an opinion. 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 the Board of Commissioners, DHCD and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
May 20, 2021

Housing Authority: Franklin County Regional Housing & Redevelopment Authority

Fiscal Year End (FYE): 9/30/2020
 Date AUP Conducted: 3/10/2021
 Executive Director: Gina Govoni
 CPA: EFPR Group, CPAs PLLC
 CPA Phone: (716) 634-0700

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.	No Exception Found
1. Log of rent collected is complete, accurate and includes all necessary information.	NE
2. Post-dated checks for current amount due is not accepted payment by LHA.	NE
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.	NE
4. Reconcile tenant ledger with receipt log, bank deposit and General Ledger.	NE
5. What is on General Ledger matches bank statement (bank reconciliation) and Operating Statement and Balance Sheet (51-1 and 51-2 respectively).	NE
B. Rent Collection – Segregation of Duties	No Exception Found
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.	NE
C. Rent Collection – Tenant Accounts Receivables (TAR)	No Exception Found
1. Aging of Tenant Accounts Receivable is matched to the General Ledger and to the Balance Sheet TAR (51-2).	NE
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).	NE
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.	NE
D. Account Write-Offs – Walk-through uncollected rent that was written-off.	No Exception Found
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.	NE
2. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).	NE

Exceptions Noted:	None noted
Internal Control Recommendation:	N/A
Authority's Response:	N/A

Housing Authority: Franklin County Regional Housing & Redevelopment Authority	
B. Payroll/Fringe Benefits	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Wage Reconciliation	No Exception Found
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).	NE
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/).	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 signed by the LHA, Executive Director and DHCD.	NE
B. Select a Single Pay Period:	No Exception Found
1. Trace timesheets/timecards to the payroll register.	NE
2. Test for completeness and accuracy.	NE
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.	NE
C. Obtain a compensated absences liability schedule:	No Exception Found
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.	NE
2. Proper controls and approvals are in place, i.e. Executive Director approves employee compensated absences.	NE
3. Compensated absences should be tracked apart from the timesheets, and verification with timesheets should be performed.	NE
4. Accrued and Accumulated leave time matches. Time is accruing as it should.	NE
Exceptions Noted:	<i>None noted</i>
Internal Control Recommendation:	<i>None noted</i>
Authority's Response:	<i>N/A</i>

Housing Authority: Franklin County Regional Housing & Redevelopment 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).		No Exception Found
1. Approval and Segregation of Duties		NE
2. Accuracy		NE
3. Supporting Documentation		NE
4. Allowability		NE
5. Allocation		NE
6. Classification		NE
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.		No Exception Found
1. Approval and Segregation of Duties		NE
2. Accuracy		NE
3. Supporting Documentation (CPAs: include date, description of charge and amount of transaction for each purchase missing documentation below)		NE
4. Allowability		NE
5. Allocation		NE
6. Classification		NE
7. No Sales Tax Paid		NE
8. Card is in Housing Authority name; not Executive Director (or any other staff member) name.		NE
D. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of employee reimbursements (include at least one travel reimbursement).		No Exception Found
1. Approval and Segregation of Duties		NE
2. Accuracy		NE
3. Supporting Documentation		NE
4. Allowability		NE
5. Allocation		NE
6. Classification		NE
Exceptions Noted:	None noted	
Internal Control Recommendation:	None noted	
Authority's Response:	N/A	

Housing Authority: Franklin County Regional Housing & Redevelopment Authority

D. Inventory (Fixed Assets)	
Number of Category Exceptions: 0	Category Rating: No Findings
A. Obtain a copy of the depreciation schedules/fixed asset listing:	No Exception Found
1. 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).	NE
2. 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.	NE
3. Items on depreciation schedule/fixed asset listing are being accurately depreciated.	NE
4. Reconcile depreciation schedule/fixed asset listing to Form 51-1 (Operating Statement) and General Ledger and evaluate for completeness and sufficiency of detail.	NE
5. Verify analytically that items listed still exist and are in possession of LHA.	NE
6. 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.	NE
B. Capitalization Policy	No Exception Found
1. Verify capitalization policy is within state established limits (per Accounting Manual, Sec. 16, p.3).	NE
C. Vehicles	No Exception Found
1. Confirm vehicles are listed on fixed asset listing, and trace vehicles listing to insurance policies.	NE
Exceptions Noted:	None noted
Internal Control Recommendation:	None noted
Authority's Response:	N/A

Housing Authority: Franklin County Regional Housing & Redevelopment 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>	
A. Competitive Procurement When Required	No Exception Found
1. Verify that sampled purchases for goods and services that should have been competitively procured as defined per MGL c. 30B were competitively procured.	NE
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.	No Exception Found
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.	NE
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.	NE
3. Contract is DHCD-approved template or developed by LHA (not a vendor contract).	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. 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.	NE
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.	No Exception Found
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.)	NE
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.	NE
3. 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. Contract is DHCD-approved template or developed by LHA (not a vendor contract).	NE
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.	NE
7. Contract did not go through automatic renewals unless renewals were part of the original procurement.	NE
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.	NE
D. Obtain a copy of the contract register and verify:	No Exception Found
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.	NE
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.	NE
3. Evaluate for completeness by analyzing the cash disbursements journal against the contract register.	NE
Exceptions Noted:	None noted
Internal Control Recommendation:	None noted
Authority's Response:	N/A

Housing Authority: Franklin County Regional Housing & Redevelopment 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).		NE
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.		NE
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)		NE
Exceptions Noted:	None noted	
Internal Control Recommendation:	None noted	
Authority's Response:	N/A	

Housing Authority: Franklin County Regional Housing & Redevelopment 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.	No Exception Found
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.	NE
B. Revenue Reconciliation	No Exception Found
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.	NE
C. Utility Reconciliation	No Exception Found
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.	NE
Exceptions Noted:	None noted
Internal Control Recommendation:	N/A
Authority's Response:	N/A

Housing Authority: Franklin County Regional Housing & Redevelopment 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).	NE
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).	NE
C. Accuracy of Rent Calculation	No Exception Found
1. Test rent calculation for proper verification of income, expenses and deductions.	NE
2. Verify family composition for allowance purposes.	NE
3. Documentation of income, exclusions from income, and deductions.	NE
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)).	NE
2. Verify Notice of Rent Change sent no less than 14 days prior to effective date (see 760 CMR 6.04 (4)(e)).	NE
3. Verify timeliness and proper execution of Lease Addendum (see 760 CMR 6.06 (5)(q)).	NE
E. MRVP Documentation (starting with AUPs conducted after 7/31/17)	No Exception Found
1. MRVP file has Certificate of Fitness (COF).	NE
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.	NE
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.	NE
4. MRVP file has W9.	NE
Exceptions Noted:	None noted
Internal Control Recommendation:	N/A
Authority's Response:	N/A

Housing Authority Name: FRANKLIN COUNTY REGIONAL HOUSING AUTHORITY

Fiscal Year End (FYE): Sep 2020

Date of AUP Conducted: 5/20/2021 12:00:00 AM

Executive Director: Paul Douglas

CPA: EFPR Group

CPA Phone: 7162045708

HMS: Carolina Gonzalez

Total AUP Exceptions: 0

A. General Accounting

Total # of exceptions: 0

Rating: No Findings

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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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.	NE			
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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	NE			
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.	N/A			
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B. Tenant Accounting

Total # of exceptions: 0	Rating: No Findings
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Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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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			
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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			
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C. Payroll

Total # of exceptions: 0	Rating: No Findings
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Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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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: 0			Rating: No Findings	
	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).	NE			
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.	NE			
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			
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**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: 0

Rating: No Findings

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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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.	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 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.

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