

**BOSTON HOUSING AUTHORITY
AGREED-UPON PROCEDURES
YEAR ENDED MARCH 31, 2019**



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, 2019. 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. Rent Collection / Tenant Receivables / Account Write-Offs

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, 2018 through March 31, 2019. Performed the following steps:
 - a. Compared total revenue to the General Ledger and Operating Statement (51-1 Form)
 - b. Haphazardly selected nine cash receipts 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:
 - i. Verified log of rent collected is complete, accurate and includes all necessary information
 - ii. Verified post-dated checks for current amount due is not accepted payment
 - iii. Traced the rental amounts selected to the deposit slip for the Bank Account.
 - iv. Traced the deposit to the Bank Statement, the posting in the general ledger, and the posting in the Tenant's Account.

2. Documented and evaluated internal control and segregation of duties related to rent collection.
3. Obtained from management an Aging of Tenant Accounts Receivable for state-aided funds processed by the Boston Housing Authority for March 31, 2019. Performed the following steps:
 - a. Compared to the General Ledger and Balance Sheet (51-2 Form).
 - b. Haphazardly selected nine uncollected Tenant Accounts Receivable accounts from the above period for the state-aided funds and reviewed tenant account to verify rent collection is in compliance with the Boston Housing Authority rent collection policy. Reviewed tenant activity to determine if the tenant was still active in the program and if the outstanding balance was subsequently collected or written-off.
 - c. Reviewed the Boston Housing Authority's Allowance for Doubtful Accounts calculation for reasonableness, that the estimate is calculated on an annual basis and that the allowance is in accordance with GAAP. Verified repayment agreements reconcile to the Balance Sheet/Operating Statement and are in accordance with DHCD policy.
4. 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.

Results:

- Step 1 – We obtained the Accounts Receivable Activity for state-aided funds noted above and compared the balance to the General Ledger and Operating Statement (51-1 Form). We noted no variance between the Operating Statement and the General Ledger. We selected 9 cash receipts for state-aided funds and performed the procedures enumerated above, noting no exceptions.
- Step 2 – Documented and evaluated internal controls and segregation of duties for Step 1 above. No issues noted.
- Step 3 – We obtained an Aging of Tenant Accounts Receivable for state-aided funds noted above and compared the balance to the General Ledger and Balance Sheet (51-2 Form) and noted a variance of \$11,948 between Operating Statement and General Ledger. We selected nine uncollected Tenant Accounts Receivable accounts for state-aided funds and performed the enumerated above, noting no exceptions. We reviewed the Boston Housing Authority's Allowance for Doubtful Accounts for state-aided funds and performed the procedures enumerated above, noting no exceptions. We obtained the Authority's Allowance for Doubtful Accounts and noted that the calculation appeared reasonable, is calculated on an annual basis and is in accordance with GAAP. We verified that the repayment agreement reconciled to the Balance Sheet and Operating Statements in accordance with DHCD policy.
- Step 4 – We reviewed the Boston Housing Authority's detail of write-offs for state-aided funds 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.

B. Payroll / Fringe Benefits

Procedures:

1. Obtained from management payroll journal extracts for the fiscal year. Verified analytically that the FYE-end wages gross payroll reported on the General Ledger matches actual wage amounts reported on Forms 941 and WR-1. Obtained the DCHD-approved budget *Schedule of All Salaries and Positions "Report"* in HAFIS and identified the five highest paid salaries. Verified analytically that it matches the amount reported at fiscal year-end on the Authority's Top 5 Compensation Form. Verified the amount reported on the Top 5 Compensation Form matches exactly the amount reported on reconciled Form 941 and the corresponding state online submission form. 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 timesheets/timecards to the payroll register
 - b. Tested for completeness and accuracy
 - c. Verified proper controls and approvals were in place
3. Obtained a copy of the compensated absences liability schedule. Tested the schedule for consistency with personnel policy, and reconciled the schedule to Form 51-2 (Balance Sheet) and the General Ledger. Verified proper controls and approvals are in place related to approval of employee compensated absences. Verified compensated absences are tracked apart from the time sheets and verification with timesheets is performed. Verified accrued and accumulated leave time matches and time is accruing as it should. Verified analytically future liabilities for employee benefits (GASB 45 and GASB 68) are properly reflected on Form 51-1 (Operating Statement) and Form 51-2 (Balance Sheet).

Results:

- Step 1 – The following are the results of wage reconciliation procedures:
 - Obtained an extract from the weekly payroll journals. Verified that fiscal year-end wages gross payroll reported on the general ledger matches actual wage amounts reported on Forms 941. The WR-1 form was not provided by the Authority and therefore we were unable to perform procedures related to that form.
 - Identified the five highest paid salaries from the *Schedule of All Salaries and Positions "Report."* Verified this Report matches the amounts reported at fiscal year-end on the Top 5 Compensation Form. We obtained a reconciliation of the 941 wages reported noting that the top 5 employees agreed without exception.
 - The Administrator of the Authority is appointed by the Mayor of Boston. His salary is also approved by the Mayor of Boston. There is no agreement or contract in place.

- Step 2 – Selected a single pay period and haphazardly selected 20 employees to test the attributes noted above. No exceptions noted.
- Step 3 – Obtained a copy of the compensated absences schedule. Compared the schedule to the Form 51-2. The Authority provided supporting documentation to show the cross-walk from the actuarial reports to the Forms 51-1 and 51-2. No exception noted.

C. Accounts Payable/Disbursements

Procedures:

1. Obtained from management a listing of cash disbursements for state-aided funds processed by the Boston Housing Authority for the period April 1, 2018 through March 31, 2019. Haphazardly selected nine disbursements 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. Examined the invoice for evidence of approval by approved authorizer.
 - b. Agreed purchase price and vendor information from the invoice to the disbursement.
 - c. Examined cancelled checks to verify proper signatures were on the check and that the check was properly cancelled.
 - d. Examined invoices to verify support of the account coding per the disbursement listing.
 - e. Traced invoice amounts to the general ledger to verify the amounts were recorded in the proper program and account.
 - f. For those invoices allocated, examined the allocation to verify proper recording.
2. Obtained from management a listing of credit card expenditures for state-aided funds processed by the Boston Housing Authority for the period April 1, 2018 through March 31, 2019. Haphazardly selected 18 credit card expenditures from the above period, obtained supporting documents from management for each selection and performed the following for each selection:
 - a. Examined the credit card statement and summary of charges breakdown for evidence of approval by approved authorizer.
 - b. Examined supporting documentation and compare to the summary of charges breakdown.
 - c. Agreed total charges and vendor information from the charges breakdown to the disbursement.
 - d. Examined cancelled checks to verify proper signatures were on the check and that the check was properly cancelled.

- e. Examined summary of charges breakdown to verify support of the account coding per the disbursement listing.
 - f. Traced check request amounts to the general ledger to verify the amounts were recorded in the proper program and account.
 - g. Examined supporting documentation to ensure expenditures were allowable and no sales tax was paid.
 - h. Examined the credit card/debit card to ensure the card was in the Housing Authority's name.
3. Obtained from management a listing of employee reimbursements for state-aided funds processed by the Boston Housing Authority for the period April 1, 2018 through March 31, 2019. Haphazardly selected nine employee reimbursements (included at least one travel reimbursement in the selections) from the above period, obtained supporting documents from management for each selection and perform the following for each selection:
- a. Examined the check request for evidence of approval by approved authorizer.
 - b. Examined supporting documentation and compared to the check request.
 - c. Agreed reimbursement amount and employee information from the check request to the disbursement.
 - d. Examined cancelled checks to verify proper signatures were on the check and that the check was properly cancelled.
 - e. Examined check request to verify support of the account coding per the disbursement listing.
 - f. Traced check request amounts to the general ledger to verify the amounts were recorded in the proper program and account.
 - g. Examined supporting documentation to ensure employee reimbursements were allowable.

Results:

- Step 1 – We selected nine disbursements for state-aided funds and performed the procedures enumerated above, noting no exceptions.
- Step 2 – We selected 18 credit card transactions for state-aided funds and performed the procedures enumerated above, noting no exceptions.
- Step 3 – We selected nine employee reimbursements for state-aided funds and performed the procedures enumerated above, noting no exceptions.

D. Inventory (Fixed Assets)

Procedures:

1. Obtained a copy of the depreciation schedule and fixed asset listing and performed the following procedures:
 - a. Verified inventory listing includes both capitalized and non-capitalized 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.
 - b. Verified the depreciation schedule includes all relevant assets of \$5,000 or more. It also includes all necessary information to sufficiently identify an asset.
 - c. Verified items on the depreciation schedule and fixed asset listing are being accurately depreciated.
 - d. Reconciled the deprecation schedule and fixed asset listing to the Operating Statement (Form 51-1) and the General Ledger.
 - e. Verified analytically that items listed still exist and in possession by the Agency
 - f. Verified assets are appropriately allocated between Federal and State on the General Ledger, Operating Statement (Form 51-1) and depreciated according to which funds were used for purchase.
2. Verified that the capitalization policy is within state established limits.
3. Confirmed vehicles are listed on the fixed asset listing and trace vehicles listed to insurance policies.

Results:

- Step 1-a – The Authority does not have an inventory listing by LHA-assigned number. Exception noted.
- Step 1b-c– Reviewed the depreciation schedule and ensured it included all relevant assets greater than \$5,000 and included all necessary information to sufficiently identify an asset. Reviewed the depreciation schedule and fixed asset listing and verified that items are being accurately depreciated.
- Step 1d and Step 1f – Reviewed the reconciliation of the depreciation schedule and fixed asset listing to the Operating Statement and General ledger, noting no exceptions. Ensured that assets are appropriately allocated between Federal and State on the General Ledger, Operating Statement and are depreciated according to which funds were used for purchase.
- Step 1e – The Authority does not maintain an inventory listing that includes an assigned tag number for all capitalized and non-capitalized items. As such, this procedure was unable to be performed.

- Step 2 – Reviewed a copy of the capitalization policy noting it is within state established limits.
- Step 3 – Reviewed the fixed asset listing and noted that vehicles are included. For one out of seven vehicles on the fixed asset listing, the Agency did not provide a copy of the insurance policy.

E. Procurement / Public Bidding for Goods and Services

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 that sampled purchases for goods and services were competitively procured.
2. For known procurements valuing \$10,000 up to and including \$50,000 performed the following procedures:
 - a. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements
 - b. Documentation of a written purchase description with solicitation of written quotes from at least three persons
 - c. Contract is DCHD-approved template or developed by the Agency
 - d. Contract was not for more than three years
 - e. Board vote is documented approving individual contract
 - f. Contract did not go through automatic renewals unless renewals were part of the original procurement
 - g. Agency procurement policy exists and is in compliance with MGL c. 30B elements noted above
3. For known procurements valuing more than \$50,000 performed the following procedures:
 - a. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements
 - b. Documentation of newspaper advertisement, Agency's Office and COMMUYS two weeks prior to bidding process
 - c. If contract was over \$100,000, it was advertised in the Goods & Services bulletin
 - d. If IFB, contract award went to lowest bidder
 - e. Contract is DCHD-approved template or developed by the Agency

- f. Contract was not for more than three years
 - g. Board vote is documented approving individual contract
 - h. Contract did not go through automatic renewals unless renewals were part of the original procurement
 - i. Agency procurement policy exists and is in compliance with MGL c. 30B elements noted above
4. Obtained a copy of the contract register and verified the following:
- a. Contract register existed and included all modernization as well as goods and services contracts
 - b. For each contract, it included contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date and remaining value
 - c. Evaluated the contract register for completeness by analyzing the cash disbursements journal against the contract register.

Results:

- Step 1 – Selected a sample of nine contracts (two contracts less than \$50,000 and seven contracts greater than \$50,000) and verified that they have been competitively procured.
- Step 2 – Selected a sample of two contracts valuing \$10,000 up to \$50,000 and performed the procedures enumerated in Step 2 above, noting no exceptions.
- Step 3 – Selected a sample of seven contracts valuing greater than \$50,000 and performed the procedures enumerated in Step 3 above, noting no exceptions.
- Step 4 – Obtained a copy of the contract register and verified it included items noted in Step 4 above. For each contract it is noted that the information listed in Step 4 above is included. Evaluated the register for completeness by analyzing the cash disbursements journal against the contract register. No exceptions noted.

F. Cash Management and Investing Practices

Procedures:

1. Obtained from management the state-aided monthly bank reconciliations and selected two months, March 2019 and September 2018 and performed the following:
 - a. Examined the selected monthly bank reconciliations to verify that the general ledger and bank statements match.
 - b. Reviewed the reconciliations to verify outstanding checks are listed as part of the reconciliation process.

2. Obtained from management the Collateralized Banking Agreement to verify that the banking and investment accounts are properly insured or collateralized.

Results:

- Step 1a – We selected two months bank reconciliations for state-aided funds and performed the procedures enumerated above, noting no exceptions.
- Step 1b – We selected two months bank reconciliations for state-aided funds and performed the procedures enumerated above, noting no exceptions.
- Step 2 – We examined the Collateralized Banking Agreement and performed the procedures enumerated above, noting no exceptions.

G. Operating Subsidy

Procedures:

1. Compared DHCD-approved budget exemptions for direct reimbursement to the Boston Housing Authority record of actual expenses to the General Ledger.
2. Compared revenue reported in the General Ledger and amounts reported in the ANUEL & Subsidy Worksheet.
3. Compared utilities reported on the Operating Statement (51-1 Form) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.

Results:

- Step 1 – We reviewed management's comparison of the DHCD approved budget noted above noting no exceptions.
- Step 2 - We compared the revenue reported in the General Ledger and amounts reported in the ANUEL & Subsidy Worksheet and noted no variance.
- Step 3 - We compared the utilities reported on the Operating Statement (51-1 Form) and the ANUEL & Subsidy Worksheet to the General Ledger and noted no variance.

H. Annual Rent Calculation and Compliance

Procedures:

1. Obtained the rent roll and the housing assistance payments roll (HAP) from management for the state-aided funds for the period April 1, 2018 through March 31, 2019 and reviewed for completeness by comparing to the Operating Statement (Form 51-1).
2. Haphazardly selected 15 tenant files from the rent roll from the above period for tenants in 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
3. Haphazardly selected 15 tenant files from the rent roll from the above period for tenants in the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Examined annual recertification for proper verification of income, expenses, and deductions and traced to supporting documentation.
 - b. Verified family composition for allowance purposes
 - c. Examined the file for documentation of income, exclusions from income and deductions.
4. Haphazardly selected 15 tenant files from the housing assistance payments roll from the above period for tenants receiving HAP for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Examined notification of rent redetermination was sent at least 60 days prior to effective date.
 - b. Examined notice of rent change sent no less than 14 days from effective date.
 - c. Examined executed lease addendum for signature and date.
5. Haphazardly selected 15 tenant files from the housing assistance payments roll from the above period for tenants receiving HAP for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
 - a. Reviewed file for Certificate of Fitness.
 - b. 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.
 - c. Reviewed file for Proof of Ownership
 - d. Reviewed file for W9.

Results:

- Step 1 – We obtained the rent roll and housing assistance payments roll for the state-aided funds noted above and compared the balance to the Operating Statement (51-1 Form) noting that the HAP rolls were reconciled to the 51-1 form.
- Step 2-4 – We selected 15 tenants from the rent rolls for state-aided funds and performed the procedures enumerated above. For 1 out of the 15 tenants selected the rent redetermination letter was sent less than 60 days prior to the effective date. For 1 out of 15 tenants selected, an annual recertification was not completed in a timely manner.

- Step 5 – We selected 15 tenants from the HAP rolls for state-aided funds and performed the procedures enumerated above, noting no exceptions in 2 tenant files. 2 tenant files did not include proof of ownership or W9 required documentation.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
December 3, 2019