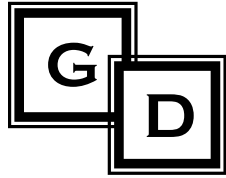


GARY L. DEPACE CPA, PC

LITTLETON HOUSING AUTHORITY
Littleton, Massachusetts

REPORT ON AGREED-UPON PROCEDURES

For the Fiscal Year ending March 31, 2020



GARY L. DEPACE CPA, PC

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

July 26, 2021

The Board of Commissioners
Littleton Housing Authority
Littleton, 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 Littleton Housing Authority, solely to perform the agreed-upon procedures, as prescribed by the Massachusetts Department of Housing and Community Development for the year ended March 31, 2020. The Littleton Housing 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 procedure and the associated findings are presented in the Schedule of Agreed-Upon Procedures included in the report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of the Littleton Housing 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 Littleton Housing Authority, is not intended to be and should not be used by anyone other than these specified parties.

Gary L. DePace, CPA PC

212 D Main Street
Monson, MA 01057

413-267-5223

gary@depace.com

Housing Authority Name: LITTLETON HOUSING AUTHORITY

Fiscal Year End (FYE): Mar 2020

Date of AUP Conducted: 7/12/2021 12:00:00 AM

Executive Director: Lisa Larrabee, Mgmt. Agent

CPA: Gary L. DePace CPA PC

CPA Phone: 413-267-5223

HMS: Thomas Lee

Total AUP Exceptions: 7

A. General Accounting

Total # of exceptions: 1

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.

NE

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.	E	The Firm notes that the operating reserve is below the 20%. Expenditures were made for emergency and non emergency items. The Authority is unable to provide approval from DHCD for the expenditure of Operating Reserve outside of the budget.	The Firm recommends that the Authority refer to PHN 2018-04 regarding Direct Cost Exemption for Operating Reserve Augmentation.	The Authority understands that we should of received approval from DHCD, unfortunately we were dealing with emergencies and had to get those things fixed right away.
---	---	---	---	---

B. Tenant Accounting				
Total # of exceptions: 1			Rating: Operational Guidance	
	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).	N/A			
--	-----	--	--	--

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	E	The Firm notes that there were two vacant units in the LHA's vacancy accounting system that were not entered in the DHCD On-line Vacancy System .	It is recommended that all vacancies be entered into the DHCD On-line Vacancy System as they occur.	The Authority always enters vacancies as they happen, however with COVID and CHAMP issues we may of missed the two mentioned here. It would be helpful to know which vacant units where not reported in the vacancy system.
--	---	---	---	---

C. Payroll				
Total # of exceptions: 1			Rating: Operational Guidance	
	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.	E	The Firm found a discrepancy between the wages reported on the Top 5 and MA Quest.	The Firm recommends the Authority verify that the amounts reported on the Top 5 match the MA Quest filings exactly and amend the Top 5 to correct the discrepancies.	The Authority files MA Quest as directed by the Accounting Firm and the Accounting Firm uses the payroll book to give the Authority those numbers. So we are not sure where the discrepancy is.
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: 1			Rating: Operational Guidance	
	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.	E	The Firm notes that receipts were not kept on file for purchases made on the Blue Tarp Credit Services account.	The Firm recommends that the Authority retain all documentation in relation to credit card purchases, and to keep it attached to the monthly statements so that it may be reviewed when the payment of the bill is approved.	Blue Tarp does not give us receipts when we go to Aubuchon for supplies, however the bill is itemized and we ask the maintenance department to view the bill to verify the purchases were made by the Authority.
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
<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 \$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.</p> <p>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.</p>				
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.	N/A			
2. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements.	N/A			
3. Documentation of a written purchase description with solicitation of written quotes from at least three persons.	N/A			
4. Contract was for not more than 3 years unless majority board vote allowed it to be longer.	N/A			
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.	N/A			
6. Contract did not go through automatic renewals unless renewals were part of the original procurement.	N/A			
7. The contracts are included on the Authority's contract register.	N/A			
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.	N/A			

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.	N/A			
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.	N/A			
4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder.	N/A			
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.	N/A			
6. Contract did not go through automatic renewals unless renewals were part of the original procurement.	N/A			
7. The contracts are included on the Authority's contract register.	N/A			

G. Eligibility Compliance

Total # of exceptions: 3		Rating: Corrective Action		
	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).	E	The Firm notes that not all of the sampled annual rent redeterminations were completed timely.	The Firm recommends that the Authority begin the rent redetermination process early enough to allot time for the effective date of the latest lease to be no more than 12 months after the effective date of the prior lease. If the the tenant fails to provide sufficient information, the Authority should document it's efforts to contact the tenant and retain it in the tenant's file.	The Authority sends out the redetermination paperwork at the end of November due to us in January. Some tenants do not get their documents back to us in a timely manner. We document this in their file.
2. The Authority properly calculated rent.	E	The Firm notes that one sampled elderly tenant was given a veteran wage exclusion in which he was not entitled.	The Firm recommends that the Authority review 760 CMR 6.4, 6.05, (n) Total Disability Veterans Compensation.	The Authority will review this exclusion and make the necessary changes at the next redetermination.

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]

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.	E	The Firm notes that not all Notices of Rent Change were sent at least 14 days prior to the effective date.	The Firm recommends that the Authority ensure all Notices of Rent Change are sent out at least 14 days prior to the effective date. If the Notice is late due to tenant failure to provide sufficient information a re-determination should be made on whatever reliable information the Authority may have.	Rent Change notices sent out before 14 days were only sent to tenants who did not get their documentation in a timely manner and we had to continually chase them for it.
7. The Authority was timely in the execution of lease addendums.	NE			
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.	--			