

**Independent Accountants' Report on Applying Agreed-Upon Procedures**

To Board of Commissioners  
of Rockport Housing Authority:

We have performed the procedures enumerated below as prescribed by the Massachusetts Executive Office of Housing and Livable Communities (HLC) pursuant to Massachusetts Session Law Chapter 235 Section 10 and Massachusetts Public Housing Notice 2016-10 as of and for the year ended June 30, 2025. The Rockport Housing Authority (the "Authority") is responsible for compliance and other matters prescribed by HLC pursuant to Massachusetts Session Law Chapter 235 Section 10 and Massachusetts Public Housing Notice 2016-10.

The engaging party, the Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the requirements of HLC for the year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**A. General Accounting****Procedures:**

- A. Reconcile financial statements to general ledger. Perform the following steps:
  1. Compare the amounts reported on the Operating Statement and Balance Sheet (HLC Forms 51-1 and 51-2) to determine if they reconcile to Authority's general ledger.
- B. Compare the following general ledger accounts to supporting documentation within a tolerable error of +/- \$100 (unless otherwise noted):
  1. Cash accounts (#1111 to #1114.1 and #1162) agree with bank statements and reconciliations.
  2. Tenant Accounts Receivable and Prepaid Tenant Rent accounts (#1122, #1124, and #2240) agree with agings of Tenants Accounts Receivable (TAR).
  3. Capital Assets and Accumulated Depreciation (all fixed assets except 1400.2) agree with the depreciation schedule/capital asset listings.
  4. Accounts Payables accounts (#2111, #2111.1, #2120, and #2139) agree with supporting documentation for Accounts Payables and accruals.
  5. Accrued Compensated Absences accounts (#2135 and #2335.01) agree with the compensated absences schedule.
  6. HLC approved budget exceptions for direct reimbursement as found in (ANUEL & Subsidy Worksheet – Section 8 in the Operating Statement) agree with the Authority's record of actual expenses in the General Ledger.
  7. Salaries and Gross Wages (#4110, #4410, and #4120) are within a tolerable error of 3.0% from the MA Form WR-1 (state filings).
  8. Balance Sheet Accounts (#2140, #2339.1, and #2339.2) agree with OPEB/Pension reporting.

- C. Confirm that the Authority is following the HLC Public Housing Notice #2018-4, Direct Cost Exception for Operating Reserves Augmentation in FY 2025 Budget & New Reserve Thresholds, including
1. 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 HLC approval prior to expenditure. No operating reserve expenditures if operating reserve is below 20% and expenditure is not Health and Safety related.

Results:

- Step A – See results noted in Steps B1 – B8 below.
- Step B-1 – Obtained the state-aided monthly bank statements and corresponding reconciliations for June 30, 2025. Mathematically checked that the amounts reconciled to accounts #1111 on the Form 51-2. No exceptions noted.
- Step B-2 – Obtained the Aging of Tenant Accounts Receivables (TAR) which included the Prepaid Tenant Rent amounts for state-aided funds processed by the Authority as of June 30, 2025. Mathematically checked that the amount reconciled to account #1122 on the Form 51-2. No amounts were reported for account #1124. No exceptions noted.
- Step B-3 – Obtained a copy of the capital asset and accumulated depreciation schedule as of June 30, 2025, for land, building, building improvements, and other equipment (administration/maintenance) and the accumulated depreciation schedule. Mathematically checked that the capital assets and accumulated depreciation amounts reconciled to all fixed asset account numbers on the Form 51-2. No exceptions noted.
- Step B-4 – Obtained general ledger support for accounts payable and accrued liabilities as of June 30, 2025. Mathematically checked that the amounts reconciled to accounts #2111, #2111.1, #2120, and #2139 on the Form 51-2. No exceptions noted.
- Step B-5 – Obtained a copy of the accrued compensated absences schedule as of June 30, 2025. Mathematically checked that the amounts reconciled to accounts #2135 and #2335.01 on the Form 51-2. No exceptions noted.
- Step B-6 – Obtained the ANUEL & Subsidy Worksheet for June 30, 2025, and agreed the amounts reported for approved exceptions for direct reimbursement to the amounts reported on the Form 51-1. No exceptions noted.
- Step B-7 – Obtained the MA Form WR-1 (State Filings) for all four quarters of fiscal year 2025, and compared the amounts reported to the wage reports for each quarter. The amounts reported to accounts #4110 and #4410 on the Form #51-1 were a subset of the amounts reported in the WR-1. Mathematically recalculated that the amounts are within a +/-3% tolerable error. No exceptions noted.
- Step B-8 – Obtained accounting detail for fiscal year ended June 30, 2025, and observed that future liabilities for employee benefits (GASB 75 and GASB 68) agree to amounts reflected on Form #51-2. No exceptions noted.
- Step C – Obtained a screenshot of the Authority's Operating Reserve Analysis that was submitted to the HLC for fiscal year ended June 30, 2025. Mathematically checked that the FYE operating reserve balance is above 35% of full reserves. No exceptions noted.

## **B. Tenant Accounting**

Procedures:

- A. Obtain from management a listing of Accounts Receivable Activity for state-aided funds processed by the Authority for the period July 1, 2024 through June 30, 2025. Haphazardly selected 15 cash receipts, based on HLC prescribed sampling guidance, including at least 20% being credit adjustments, from the above period for deposits processed by the Authority for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
  1. Observe supporting documentation for rent receipts is retained.
  2. Trace rent receipts to ensure being posted to the correct tenant accounts.
  3. Observe documentation supporting credit adjustments is retained.
  4. Confirm that the Authority followed its rent collection policy for nonpayment of rent (i.e., issued notice to quit, followed eviction protocol).

- B. Obtain detail of write-offs and confirm that the write-offs are in accordance with the Authority policy. Trace to the documentation of board approval to write-off account.
- C. Obtain from management a listing of vacancies accounted for by the Authority's operating software. Mathematically check that the number of vacancies in the listing is the same number of vacancies reported in the HLC's On-Line Vacancy System for the fiscal year.

Results:

- Step A1-A4 – Obtained the Accounts Receivable Activity for the year ended June 30, 2025, for state-aided funds noted above and selected 5 cash receipts, based on HLC prescribed sampling guidance, for state-aided funds and performed the procedures enumerated above. No exceptions noted.
- Step B – Obtained the Authority's detail of write-offs for state-aided funds for the year ended June 30, 2025, and performed the procedures enumerated above. No exceptions noted.
- Step C – Obtained the Authority's detail of vacant units as of June 30, 2025, and agreed the total number of vacant units within their operating software to the total number of vacant units reported in the HLC's On-Line Vacancy System. No exceptions noted.

### C. Payroll

Procedures:

- A. Obtain from management the Top 5 Compensation form. Trace the salary amounts and positions for the top 5 compensated employees per this form to the 5 highest paid salaries that were identified on the HLC-approved budget *Schedule of All Salaries and Positions "Report"* in HAFIS within a tolerable error of +/-3% of budgeted salary. Confirm that the amount reported on the Top 5 Compensation Form matches exactly the amount reported and reconciled to the corresponding state online submission form, Form WR-1. Observe that the Authority is in possession of HLC-approved executive contract signed by the Authority, Executive Director, and HLC.
- B. Select a single pay period and performed the following procedures:
  - 1. Trace time logged on employee timesheets/timecards to the payroll register.
  - 2. Observe timesheets/timecards are maintained by all employees and are approved by supervisor (including leave time taken).
  - 3. Observe annual leave time (i.e., sick, vacation, personal) used is identified on timesheets/timecards and is accurately accounted for in compensated absence register.
- C. Obtain a copy of the compensated absences liability schedule and the Authority's personnel policy and performed the following:
  - 1. Observe 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 per PHN 2017-14.
  - 2. Mathematically check that the Authority is accounting for annual leave time earned in accordance with the Authority's personnel policy.

Results:

- Step A – The following are the results of wage reporting procedures:
  - Obtained the Top 5 Compensation Form for the fiscal year ended June 30, 2025, from management, identified the 5 highest paid salaries from the *Schedule of All Salaries and Positions "Report"* and compared the salary amounts and positions per both forms. The amounts 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 June 30, 2025. We recalculated the total compensation paid to the 5 highest paid employees noted on the quarterly WR-1s and agreed to the Top 5 Compensation Form submitted to HLC. No exceptions noted.
- Step B1-B3 – Selected a single pay period and tested all employees charged to state-aided funds to the attributes noted above. No exceptions noted.

- Step C1-C2 – Obtained a copy of the Authority’s compensated absences policy effective during the fiscal year ended June 30, 2025. Cited 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:**

- Obtain from management listings of capital/operating expenditures, credit card expenditures, and employee reimbursements for state-aided funds processed by the Authority for the period July 01, 2024 through June 30, 2025. Haphazardly select 15 cash disbursements based on HLC prescribed sampling guidance (selecting at least 1 from each listing) from the above period for disbursements processed by the Authority for the state-aided funds, obtained supporting documents from management for each selection and perform the following for each selection:
  1. Observe cash disbursements were authorized in accordance with the Authority’s policies.
  2. Agree cash disbursements with supporting documentation.
  3. Inspect supporting documentation to determine it is sufficiently detailed.
  4. Examine invoices to confirm costs are allowable (i.e., sales tax, alcohol, lottery tickets).
  5. For those invoices allocated, examine the allocation to confirm proper recording.
  6. Examine invoices to confirm costs are properly classified.

##### **Results:**

- Steps A1-A6 – Selected 15 cash disbursements, based on HLC prescribed sampling guidance, for state-aided funds (consisting of a mix of capital/operating expenditures, credit card expenditures, and employee reimbursements) occurring during the fiscal year ended June 30, 2025, and performed the procedures enumerated above.
  1. No exceptions noted.
  2. No exceptions noted.
  3. No exceptions noted.
  4. No exceptions noted.
  5. No exceptions noted.
  6. No exceptions noted.

#### **E. Inventory**

##### **Procedures:**

- Obtain from management a listing of capital and noncapital assets for the period July 1, 2024 through June 30, 2025, and performed the following:
  1. Observe documentation that the Authority performed a physical count of its capital and noncapital asset inventory annually.
  2. Observe that the 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.
  3. Observe that the Authority identified additions and disposals of capital and noncapital assets.
  4. Select a random sample of 3 noncapital assets, based on HLC prescribed sampling guidance, by tag number and confirm existence.

##### **Results:**

- Step A-1 – Obtained the inventory listing for the fiscal year ended June 30, 2025, noting the Authority performed a physical count of its capital and noncapital asset inventory at year end. No exceptions noted.
- Step A-2 – Obtained the inventory listing for the fiscal year ended June 30, 2025, noting the schedule includes capitalized and noncapitalized items of \$1,000 or more, along with the necessary information described in procedure 1b above. No exceptions noted.
- Step A-3 – Obtained general ledger detail for the fiscal year ended June 30, 2025, supporting all additions and disposals for capital and noncapital assets. No exceptions noted.

- Step A-4 – Randomly selected 3 noncapital assets, based on HLC prescribed sampling guidance, and traced tag number to the physical asset to confirm existence. No exceptions noted.

## **F. Procurement**

### **Procedures:**

Examine 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, select a sample of 3 procurements, based on HLC prescribed sampling guidance. For the items selected, perform the following procedures:

- A. The Authority's procurement policy meets the following:
  1. Policy is consistent with the requirements of MGL c. 30b.
  2. Authority maintains a contract register which includes contractor, description active/inactive, change order amounts, contract expenditures to date and remaining value.
- B. For known procurements valuing \$10,000 up to and including \$50,000 performed the following procedures:
  1. Proper procurement method used.
  2. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements.
  3. Documentation of a written purchase description with solicitation of written quotes from at least three persons.
  4. Contract was not for more than three years unless majority board vote approved.
  5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts to an LHA staff member.
  6. Contract did not go through automatic renewals unless renewals were part of the original procurement.
  7. Traced contracts to the Authority's contract register.
- C. For known procurements valuing more than \$50,000 performed the following procedures:
  1. Proper procurement method used.
  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 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.
  3. 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.
  4. 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.
  5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts to an LHA staff member.
  6. Contract did not go through automatic renewals unless renewals were part of the original procurement.
  7. Traced contracts to the Authority's contract register.

### **Results:**

- Step A1 – Obtained the Authority's procurement policy effective during the fiscal year ended June 30, 2025, and confirmed that it is consistent with the requirements of MGL c. 30b. No exceptions noted.
- Step A2 – Obtained a copy of the contract register as of June 30, 2025, and observed that included the contractor, description, change order amounts, contract expenditures to test and the remaining value. No exceptions noted.
- Step B – Haphazardly, selected a sample of 3 contracts, based on HLC prescribed sampling guidance, with values between \$10,000 and \$50,000 and performed the procedures enumerated in Steps 1-7 above. No exceptions noted.
- Step C – Haphazardly, selected a sample of 0 contracts based on HLC prescribed sampling guidance, with a value greater than \$50,000. No contracts were identified in excess of \$50,000. No exceptions noted.

## G. Eligibility Compliance

### Procedures:

- A. Obtain the rent roll from management for the state-aided funds for the period July 01, 2024 through June 30, 2025. Haphazardly select 5 tenant files, based on HLC prescribed sampling guidance, from the rent roll for the above period for tenants receiving state-aided funds, obtain supporting documents from management for each selection and perform the following for each selection:
  1. Confirm timeliness of annual rent determination.
  2. Mathematically check that rent was properly calculated.
  3. Confirm family composition was properly documented.
  4. Examine the file for documentation of income, exclusions from income and deductions.
  5. Examine notification of rent redetermination was sent at least 60 days prior to effective date.
  6. Examine notice of rent change sent no less than 14 days from effective date.
  7. Examine executed lease addendum for signature and date.

### Results:

- Step A – Haphazardly selected 5 tenants, based on HLC prescribed sampling guidance, from the rent rolls for state-aided funds for the fiscal year ended June 30, 2025, and performed the procedures enumerated above. No exceptions noted.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance and other matters prescribed by HLC, as of year June 30, 2025. 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.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*CBIZ CPAs P.C.*

CBIZ CPAs P.C.  
Boston, Massachusetts  
March 13, 2026

|                                |                            |
|--------------------------------|----------------------------|
| <b>Housing Authority Name:</b> | ROCKPORT HOUSING AUTHORITY |
| <b>Fiscal Year End (FYE):</b>  | Jun 2025                   |
| <b>Date of AUP Conducted:</b>  | 11/4/2025 12:00:00 AM      |
| <b>Executive Director:</b>     | Marie Mathes, Interim      |
| <b>CPA:</b>                    | CBIZ                       |
| <b>CPA Phone:</b>              | 401-600-4725               |
| <b>HMS:</b>                    | Joyce Taylor               |
| <b>Total AUP Exceptions:</b>   | 0                          |

| A. General Accounting                                                                                                                                                                                                                                                                                               |            |                       |                     |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------|---------------------|--------------|
| Total # of exceptions: 0                                                                                                                                                                                                                                                                                            |            | Rating: No Findings   |                     |              |
|                                                                                                                                                                                                                                                                                                                     | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |
| <b>A. Reconciling financial statements to general ledger.</b>                                                                                                                                                                                                                                                       |            |                       |                     |              |
| 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>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.</b>                             |            |                       |                     |              |
| 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         |                            |                     |              |
| <b>C. EOHLC Public Housing Notice #2018-4, Direct Cost Exemption for Operating Reserve Augmentation in FY2018 Budget &amp; New Operating Reserve Thresholds.</b>                                                                                                                                                    |            |                            |                     |              |
| 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>B. Tenant Accounting</b>                                                                                                                                                                                                                                                                                         |            |                            |                     |              |
| <b>Total # of exceptions: 0</b>                                                                                                                                                                                                                                                                                     |            | <b>Rating: No Findings</b> |                     |              |
|                                                                                                                                                                                                                                                                                                                     | Exceptions | Exception Explanation      | CPA Recommendations | LHA Response |
| <b>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).</b>                                                                                                |            |                            |                     |              |
| 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>B. Account Write-Offs</b>                                                                                                                                                                                                                                                                                        |            |                            |                     |              |
| 1. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).                                                                                                                                                              | NE         |                            |                     |              |
| <b>C. Vacancies Being Reported in Vacancy System</b>                                                                                                                                                                                                                                                                |            |                            |                     |              |
| 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 EOHLC On Line Vacancy System for the fiscal year                                                                                                                 | NE         |                            |                     |              |
| <b>D. Wage Match Certification</b>                                                                                                                                                                                                                                                                                  |            |                            |                     |              |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |  |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--|--|--|
| 1. Verify the Executive Director and Board Chairperson have signed the Certification Regarding Wage Match (Attachment A, v2, to Public Housing Authority 2023-03 and is supported by a board vote of approval. The Certification Regarding Wage Match has been submitted to EOHLC annually with a list of all employees authorized to request and receive information provided through Wage Match in accordance with Public Housing Notice 2023-03 and 2023-07.<br><br>For FY '24 the certification must be submitted to EOHLC with the LHAs year end certifications on the EOHLC HousingAps site. | 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 |  |  |  |

#### C. Compensated Absences Policy

|                                                                                                                                                                                                                                                                                                                                                                      |    |  |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--|--|--|
| identified on timesheets/time cards and accurately accounted for in a compensated absences register.                                                                                                                                                                                                                                                                 | NE |  |  |  |
| 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         |                            |                     |              |
| <b>D. Accounts Payable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |            |                            |                     |              |
| <b>Total # of exceptions: 0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            | <b>Rating: No Findings</b> |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Exceptions | Exception Explanation      | CPA Recommendations | LHA Response |
| <b>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.</b> |            |                            |                     |              |
| 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         |                            |                     |              |
| <b>E. Inventory</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |            |                            |                     |              |
| <b>Total # of exceptions: 0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            | <b>Rating: No Findings</b> |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Exceptions | Exception Explanation      | CPA Recommendations | LHA Response |
| <b>A. Capital and Non-Capital Asset Inventory</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |            |                            |                     |              |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | NE         |                            |                     |              |

| F. Procurement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |            |                       |                     |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------|---------------------|--------------|
| Total # of exceptions: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |            | Rating: No Findings   |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Exceptions | Exception Explanation | CPA Recommendations | LHA Response |
| <b>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.</b> |            |                       |                     |              |
| <b>A. Procurement Policy</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |            |                       |                     |              |
| 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>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]</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |            |                       |                     |              |
| 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         |                       |                     |              |
| <b>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]</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |            |                       |                     |              |
| 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: 0  |            | Rating: No Findings   |                     |              |
|                           | 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 EOHLC 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. | N/A |  |  |  |
| 2. The Authority properly calculated rent.                    | N/A |  |  |  |

|                                                                                                                                                        |     |  |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--|--|--|
| 3. The Authority verified family composition.                                                                                                          | N/A |  |  |  |
| 4. The Authority verified income, exclusions from income and deductions.                                                                               | N/A |  |  |  |
| 5. The Authority obtained Certificates of Fitness (COF).                                                                                               | N/A |  |  |  |
| 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. | N/A |  |  |  |
| 7. The Authority obtained Proofs of Ownership                                                                                                          | N/A |  |  |  |
| 8. The Authority obtained W9s for landlords.                                                                                                           | N/A |  |  |  |