



**GARY L. DEPACE CPA, PC**

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**SWAMPSCOTT HOUSING AUTHORITY**  
Swampscott, Massachusetts

**REPORT ON AGREED-UPON PROCEDURES**

**For the Fiscal Year ending September 30, 2019**



**GARY L. DEPACE CPA, PC**

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

November 23, 2021

The Board of Commissioners  
Swampscott Housing Authority  
Swampscott, 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 Swampscott Housing Authority, solely to perform the agreed-upon procedures, as prescribed by the Massachusetts Department of Housing and Community Development for the year ended September 30, 2019. The Swampscott 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 Swampscott 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 Swampscott Housing Authority, is not intended to be and should not be used by anyone other than these specified parties.

*Gary L. DePace, CPA PC*

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Housing Authority Name: SWAMPSCOTT HOUSING AUTHORITY

Fiscal Year End (FYE): Sep 2019

Date of AUP Conducted: 3/29/2021 12:00:00 AM

Executive Director: Donna Rae McDonald

CPA: Gary L. DePace CPA PC

CPA Phone: 413 267-5223

HMS: Melanie Loveland-Hale

Total AUP Exceptions: 20

**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	Operating reserves ended the year at less than 20% but documentation could not be located to show the expenditures were allowable.	The Firm recommends that the Authority refer to PHN 2018-04 regarding Direct Cost Exemption for Operating Reserve Augmentation.	The authority spend more in plumbing because of more emergencies. This was budget but the LHA overspend.
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**B. Tenant Accounting**

<b>Total # of exceptions: 5</b>	<b>Rating: Corrective Action</b>
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Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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**A. Select a random sample of rent transactions (Small - 5, Med - 10, Large - 15, Very Large - 20) of rent transactions. Include at least 20% are credit adjustments and 20% are lease enforcements (if have).**

1. The Authority retained supporting documentation for rent receipts.	E	The current Exec Dir was unable to locate the supporting documentation for the sampled rent receipts.	The Firm recommends the Authority retain supporting documentation in an easily accessible location in its filing system.	New Exec Dir is keeping all rent receipts accessible, in a good filing system.
2. The Authority posted rent receipts to the correct tenant accounts.	E	The Firm was unable to test this without the rent receipt supporting documentation.	No recommendation.	New filling system in place.
3. The Authority retained documentation supporting credit adjustments.	E	The Firm was unable to test for credit adjustments since current Exec Dir was unable to find the necessary reports in the old accounting software. The LHA has since changed to a new system.	The Firm recommends the Authority maintain records and supporting documentation of credit adjustments in an easily accessible location in its filing system.	The Authority has a new accounting system in place.
4. The Authority followed its rent collection policy for non-payment of rent (i.e., issued a notice to quit, followed eviction protocol.)	E	The Firm was unable to test this since current Exec Dir was unable to obtain a detailed TAR report from the old accounting system. The LHA has since changed to a new system.	No recommendation.	The Authority has a new accounting system in place.

**B. Account Write-Offs**

1. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).	NE		
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**C. Vacancies Being Reported in Vacancy System**

1. GH AND LT to CREATE LANGUAGE HERE.	E	The Firm was unable to test for vacancies since an internal system report could only be run for the current time rather than the fiscal year-end. The LHA has since changed to a new system.	The Firm recommends the Authority ensures vacancies are properly tracked in its own operating software and reported in DHCD's On-Line Vacancy System.	The Authority is tracking vacancy with a new operating software and reports to the DHCD's Online Vacancy System.
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C. Payroll				
Total # of exceptions: 5			Rating: Corrective Action	
	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 wages on the Top 5 form were higher than the WR-1 wages for one employee.	The Firm recommends the LHA ensures all wages on the Top 5 match the WR-1 wages exactly.	The Authority is using a new private service company for the processing of wages.
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.	E	The Firm was unable to determine this as the current Exec Dir was unable to locate the employee time sheets.	The Firm recommends the Authority maintain employee time sheets and payroll registers in an easily accessible location in its filing system.	The Authority is keeping track of weekly time sheets and filing such on a weekly basis. The registers are now easily accessible.
2. Timesheets/time cards are maintained by all employees (including Executive Director) and were approved by supervisor (except Executive Director) including leave taken.	E	The Firm was unable to determine this as the current Exec Dir was unable to locate the employee time sheets	No recommendation.	The Authority is keeping track of weekly time sheets and filing such on a weekly basis. The registers are now easily accessible.
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.	E	The Firm was unable to determine this as the current Exec Dir was unable to locate the employee time sheets	No recommendation.	The Authority is keeping weekly timesheets that include any time off such as sick, vacation and personal.

**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.	E	The Firm notes the personnel policy in effect during the audited year did not have a limit on vacation time accrual. However, an amendment was added in Jan. 2020 which did add limits.	No recommendation.	The Authority is keeping the amendment that was added in Jan. 2020 .
2. The Authority is accounting for annual leave time earned in accordance with the Authority's personnel policy.	NE			

D. Accounts Payable				
Total # of exceptions: 0			Rating: No Findings	
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

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

1. Cash disbursements were authorized in accordance with the Authority's policies.	NE			
2. Cash disbursements are in agreement with supporting documentation.	NE			
3. Supporting documentation is sufficiently detailed.	NE			
4. Costs are allowable (i.e. sales tax, alcohol, lottery tickets)	NE			
5. Costs are properly allocated to the correct program(s). Cost of current year additions are allocated to programs in a manner consistent with the use of the asset.	NE			
6. Costs are properly classified.	NE			

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

A. Capital and Non-Capital Asset Inventory				
1. The Authority performed a physical count of its capital asset and non-capital asset inventory at least annually (non-capital assets are refrigerators and stoves and other furniture equipment over the Authority's non-capital inventory threshold, which may not exceed \$1,000).	NE			
2. Capital and Non-Capital Asset inventory includes all necessary information to identify the asset. For non-capital assets that includes a tag with an LHA-assigned number for all assets of \$1,000 or more (and all refrigerators and stoves of any value). For relevant assets of \$5,000 or more that includes the make/model/year for vehicles and the FISH number.	NE			
3. The Authority identified additions and disposals of capital and non-capital assets for the accounting period.	NE			

4. Select a random sample of non-capital assets by tag number (Small - 3, Med - 6, Large - 9, Very Large - 12) and verify existence.	--			
<b>F. Procurement</b>				
<b>Total # of exceptions: 0</b>			<b>Rating: No Findings</b>	
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
<p><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></p>				
<p><b>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.</b></p>				
<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.	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			
<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: 9**

**Rating: Corrective Action**

Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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**A. Public Housing - Select a sample (Small LHA - 5, Medium LHA - 10, Large or Very Large LHA - 15) of tenant files (from programs 200, 667, 705); if the LHA has multiple property managers, at least one file should be selected per manager.**

1. The Authority performed timely annual rent determinations (or bi-annual if the Authority has a waiver from DHCD to do so).	E	The Firm was unable to determine timeliness since the prior recertification paperwork could not be located.	The Firm recommends the Authority ensures annual rent redeterminations are performed no more than 12 months after the prior redetermination.	The Authority has a new system software in place and has helped insured the process of annual rents determination completion on a timely manner.
2. The Authority properly calculated rent.	E	The Firm found one instance where the medical deduction did not include all provided expenses.	The Firm recommends the Authority ensures all deductions are included in the calculation of the total medical deduction.	The Authority is making sure to calculate all deductions including total medical deductions.
3. The Authority verified family composition.	NE			
4. The Authority verified income, exclusions from income and deductions.	E	The Firm found two instances of no supporting documentation for an item of	The Firm recommends the Authority retain all backup documentation for income	The Authority is keeping all backup information that pertains to the rent

**B. MRVP - Select a sample of annual rent determinations (sample 10% (min: 5, max: 15) of leased MRVP units). If N/A selected for any one below, then deduction all drop downs to N/A in this section]**

5. The Authority properly sent notifications of rent redetermination at least 60 days prior to the effective date.	NE			
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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.	E	The Firm notes 4 instances of no signed lease addendums.	The Firm recommends the Authority ensures all lease addendums are signed in a timely manner.	The Authority is making sure to have all lease addendums signed in a timely manner.
1. The Authority performed timely annual rent determinations.	E	The Firm could not determine timeliness since the prior redetermination could not be located.	The Firm recommends the Authority ensures annual rent redeterminations are performed no more than 12 months after the prior redetermination.	The Authority is ensuring that all annual rents and redeterminations are completed no more than 12 months after prior redetermination.
2. The Authority properly calculated rent.	E	The Firm could not determine if proper calculations were made since supporting documentation could not be located.	The Firm recommends all necessary supporting documentation be retained in the file.	The Authority is maintaining all necessary supporting documentation and retained in a file.
3. The Authority verified family composition.	E	The Firm could not determine this since supporting documentation could not be located.	The Firm recommends all necessary supporting documentation be retained in the file.	The Authority is keeping all necessary supporting documentations in a file.
4. The Authority verified income, exclusions from income and deductions.	E	The Firm could not determine this since supporting documentation could not be located.	The Firm recommends all necessary supporting documentation be retained in the file.	The Authority is keeping all necessary supporting documentations in a file.
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.	E	The Firm could not determine this since supporting documentation could not be located.	The Firm recommends all necessary supporting documentation be retained in the file.	The Authority is keeping all compliance letters in a file and are easily accessible.
7. The Authority obtained Proofs of Ownership	--			
8. The Authority obtained W9s for landlords.	--			