

**WAREHAM HOUSING AUTHORITY**  
Wareham, Massachusetts

**REPORT ON AGREED-UPON PROCEDURES**

**June 30, 2019**

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

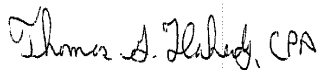
To The Board of Commissioners  
Wareham Housing Authority  
Wareham, Massachusetts

I have performed the procedures enumerated below, which were agreed to by the Board of Commissioners, the Massachusetts Department and Community Development, and management of the Wareham Housing Authority (the specified parties) related to Wareham Housing Authority's compliance with financial budgetary and financial reporting requirements set forth by DHCD and related internal controls that would assure accuracy of the reporting and budgetary requirements as shown on the attached DHCD form of the Wareham Housing Authority for the fiscal year ending June 30, 2019. The Wareham Housing Authority's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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 Wareham Housing Authority, and is not intended to be and should not be used by anyone other than these specified parties.



Braintree, Massachusetts  
November 10, 2020

**Housing Authority Name:** WAREHAM HOUSING AUTHORITY

**Fiscal Year End (FYE):** Jun 2019

**Date of AUP Conducted:** 10/2/2020 12:00:00 AM

**Executive Director:** Jacqueline Hickey, Admnstrtor

**CPA:** Thomas G. Flaherty, CPA.

**CPA Phone:** 781-843-2011

**HMS:** Mary Farrell

**Total AUP Exceptions:** 8

**A. General Accounting**

**Total # of exceptions: 2**

**Rating: Operational Guidance**

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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**A. Reconciling financial statements to general ledger.**

1. The amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2, respectively) reconcile to the LHA's general ledger. (Tolerable error of +/- \$100). For all cases that don't match, please detail specifics including at a minimum account and variance amount in column to right.	NE			
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**B. The following general ledger accounts reconcile to supporting documentation (Tolerable error of +/- \$100, unless otherwise noted): For all cases that don't match, please detail specifics including at a minimum account and variance amount in CPA Recommendations column.**

1. Cash accounts (#1111 to #1114.1 and #1162) are in agreement with bank statements and reconciliations	NE			
2. Tenant Accounts Receivable and Prepaid Tenant Rent accounts (#1122, #1124 and #2240) are in agreement with agings of Tenants Accounts Receivable (TAR)	NE			
3. Capital Assets and Accumulated Depreciation (all fixed assets except 1400.2) are in agreement with the depreciation schedule/fixed asset listing).	NE			
4. Accounts Payables accounts (#2111, #2111.1, #2120 and #2139) are in agreement with supporting documentation for Accounts Payables and accruals.	NE			
5. Accrued Compensated Absences accounts (#2135 and #2335.01) are in agreement with the compensated absences schedule.	NE			
6. DHCD approved budget exemptions for direct reimbursement as found in the (ANUEL & Subsidy Worksheet - Section 8 in the Operating Statement) are in agreement with LHA record of actual expenses in the General Ledger.	NE			

7. Salaries and Gross Wages (4110, 4410, 4120) (tolerable error of +/- 3.0%) are in agreement with the MA form WR-1 (state filings).	NE			
8. Balance Sheet Accounts (#2140, #2339.1, and #2339.2) are in agreement with OPEB/pension reporting.	E	The GASB 75 liability has not been reflected on the general ledger and the general ledger does not reflect the most recent available GASB 68 liability.	The Authority should record the GASB 75 liability and use the most recent available GASB 68 report to reflect the liability.	GASB69- Our fee accountant has been notified and will update the liability to resolve this issue. GASB75 we are exploring the most cost effective means of identifying the liability which will be recorded as determined.

**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 are below 20%.	Authority should follow the Public Housing Notice.	Unfortunately, we have had to use our reserves to provide safe decent housing for our residents because rental and miscellaneous income is insufficient and our subsidies are not sufficient to maintain the recommended reserve requirement.
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B. Tenant Accounting				
<b>Total # of exceptions: 0</b>			<b>Rating: No Findings</b>	
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

**A. Select a random sample of rent transactions (Small - 5, Med - 10, Large - 15, Very Large - 20) of rent transactions. Include at least 20% are credit adjustments and 20% are lease enforcements (if have).**

1. The Authority retained supporting documentation for rent receipts.	NE			
2. The Authority posted rent receipts to the correct tenant accounts.	NE			
3. The Authority retained documentation supporting credit adjustments.	NE			
4. The Authority followed its rent collection policy for non-payment of rent (i.e., issued a notice to quit, followed eviction protocol.)	NE			

**B. Account Write-Offs**

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

1. GH AND LT to CREATE LANGUAGE HERE.	NE			
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C. Payroll				
Total # of exceptions: 3			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 for one individual reported on the Top 5 Form did not agree to quarterly payroll reports by \$386.	The Authority should ensure that the wages reported on the Top 5 Form agree to the quarterly payroll reports.	The difference of \$386.00 is a reconciling item that reflects a payment owed in that amount in the previous f/y which was paid in the current year, resulting in agreement.
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.	E	The Authority does not have an approved Executive Director contract signed by DHCD.	Recommend the Authority address this with DHCD.	We believe we have provided DHCD all information necessary to address this issue.

**B. Payroll Testing for all employees from all funding sources - Select a single payroll period:**

1. The payroll register accurately accounts for time worked as logged on employee timesheets/time cards.	NE			
2. Timesheets/time cards are maintained by all employees (including Executive Director) and were approved by supervisor (except Executive Director) including leave taken.	NE			
3. Annual leave time (i.e., sick, vacation, personal) used is identified on timesheets/time cards and accurately accounted for in a compensated absences register.	NE			

**C. Compensated Absences Policy**

1. Personnel Policy includes (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment per PHN 2017-14.	E	Identified that the personnel policy does not include a limit for accrued sick time at end of employment.	Authority should update personnel policy to include cap on sick time at the end of employment.	We will investigate the "Town of Wareham's policy on end of employment sick time" as a community standard and will update our policy accordingly.
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				
<b>Total # of exceptions: 1</b>			<b>Rating: Operational Guidance</b>	
	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.	E	Assets that were disposed of were not identified on listing.	The listing should identify assets that were disposed of.	We will revise the caption so as to include that the disposition of the old item is the same as the installation of the replacement.
4. Select a random sample of non-capital assets by tag number (Small - 3, Med - 6, Large - 9, Very Large - 12) and verify existence.	--			

F. Procurement				
Total # of exceptions: 1			Rating: Operational Guidance	
	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.	E	The contract register did not include various fields that DHCD requires and the Mod jobs were not listed on the contract register.	The Authority should update contract register to include all information required by DHCD and include Mod Jobs on this report.	The contract register will be updated accordingly.
<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.	NE			



2. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. If using MGL C.30B s.6 RFP requirements, LHA must have a Chief Procurement Officer (CPO) conduct the procurement under c.30B s.6.	NE			
3. Documentation of Newspaper advertisement, LHA's Office and COMMBUYS two weeks prior to bidding process. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin.	NE			
4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder.	NE			
5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director.	NE			
6. Contract did not go through automatic renewals unless renewals were part of the original procurement.	NE			
7. The contracts are included on the Authority's contract register.	NE			

<b>G. Eligibility Compliance</b>
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<b>Total # of exceptions: 1</b>	<b>Rating: Operational Guidance</b>			
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

<b>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.</b>
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1. The Authority performed timely annual rent determinations (or bi-annual if the Authority has a waiver from DHCD to do so).	NE			
2. The Authority properly calculated rent.	NE			
3. The Authority verified family composition.	NE			
4. The Authority verified income, exclusions from income and deductions.	NE			
5. The Authority properly sent notifications of rent redetermination at least 60 days prior to the effective date.	NE			
6. The Authority properly sent notifications of rent change at least 14 days prior to the effective date.	NE			
7. The Authority was timely in the execution of lease addendums.	NE			

<b>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]</b>
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1. The Authority performed timely annual rent determinations.	NE			
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2. The Authority properly calculated rent.	E	Identified that on one rent redetermination the 5% deduction from gross income was miscalculated.	Recommend that the Authority recalculate the 5% deduction of gross income based on the tenant's gross income.	When this was brought to our attention we made the \$2.00 adjustment to resolve this.
3. The Authority verified family composition.	NE			
4. The Authority verified income, exclusions from income and deductions.	NE			
5. The Authority obtained Certificates of Fitness (COF).	--			
6. The Authority obtained Letters of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit.	NE			
7. The Authority obtained Proofs of Ownership	--			
8. The Authority obtained W9s for landlords.	--			