

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Kitsap County Consolidated Housing  
Authority  
(Housing Kitsap)**

Report Date  
**March 18, 2014**

**Report No. 1011494**

Issue Date  
**March 24, 2014**



**Washington State Auditor**  
**Troy Kelley**

Independence • Respect • Integrity



## Washington State Auditor Troy Kelley

March 24, 2014

Board of Commissioners  
Housing Kitsap  
Bremerton, Washington

### *Report on Accountability*

We appreciate the opportunity to work in cooperation with your Housing Authority to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Housing Kitsap's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

**TROY KELLEY**  
STATE AUDITOR

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Kitsap County  
March 18, 2014**

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# Audit Summary

**Housing Kitsap  
Kitsap County  
March 18, 2014**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the Housing Kitsap from July 1, 2012 through June 30, 2013.

We evaluated internal controls and performed audit procedures on the activities of the Housing Authority. We also determined whether the Housing Authority complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Billings/receivables
- Cash receipting
- Financial condition
- Community Development Block Grants loans

## ***RESULTS***

In most areas, the Housing Authority complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to Housing Authority management. We appreciate the Housing Authority's commitment to resolving those matters.

## Related Reports

**Housing Kitsap  
Kitsap County  
March 18, 2014**

### ***FINANCIAL***

Our opinion on the Housing Authority's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Housing Authority's financial statements.

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

## Description of the Housing Authority

**Housing Kitsap  
Kitsap County  
March 18, 2014**

### ***ABOUT THE HOUSING AUTHORITY***

The Kitsap County Consolidated Housing Authority, doing business as Housing Kitsap, serves all of Kitsap County excluding the city of Bremerton. The Housing Authority has formed nonprofit organizations and limited partnerships to facilitate acquisition and construction of public and private housing and other community developments. The Housing Authority owns and operates 904 units of affordable housing in 19 dwelling complexes, seven duplexes and 59 single family homes. These properties include low rent public housing, independent living facilities for low-income seniors and housing with specialized services for people who have severe and persistent mental illness. It has been offering and administrating the U.S. Department of Agriculture's Mutual Self-Help Program in Kitsap and surrounding counties since 1973 and contracts with the Bremerton Housing Authority to administer the Section 8 Housing Choice Voucher Program.

The Housing Authority is administered by a seven-member Board of Commissioners, which includes three Kitsap County Commissioners, the mayors of the cities of Port Orchard and Poulsbo, a Council Member of the city of Bainbridge Island, and a resident from one of the Housing Authority projects. The Board appoints an Executive Director to oversee the Housing Authority's daily operations as well as its approximately 64 employees.

The Housing Authority receives revenue from a variety of sources, including rent from tenants, federal and state grants, proceeds from sales of property, property management fees and developer's fees. For fiscal year 2013, the Housing Authority operated on an annual budget of approximately \$20 million.

## ***APPOINTED OFFICIALS***

These officials served during the audit period:

### Board of Commissioners:

Kitsap County Commissioner  
District 1

Robert Gelder

Kitsap County Commissioner  
District 2

Charlotte Garrido

Kitsap County Commissioner  
District 3

Josh Brown (through December 2013)  
Linda Streissguth (began January 2014)

City of Bainbridge Island Council  
Member

Debbie Lester (through December 2013)  
Val Tollefson (began January 2014)

City of Port Orchard Mayor

Tim Matthes

City of Poulsbo Mayor

Becky Erickson

Resident

Nancy Christensen (began May 2012)

Executive Director

Tony Caldwell (through February 2014)  
Judy Henry, Interim (began March 2014)

## ***HOUSING AUTHORITY CONTACT INFORMATION***

Address: Housing Kitsap  
345 Sixth Street, Suite 100  
Bremerton, WA 98337-1891

Phone: (360) 535-6100

Website: [www.housingkitsap.org](http://www.housingkitsap.org)

## ***AUDIT HISTORY***

We audit the Housing Authority annually. A finding was issued in the 2010 audit for issues relating to a federal grant program. This issue has been resolved. Otherwise, the Housing Authority has been free of findings for the past 10 audits.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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**Deputy Director of Quality Assurance**  
**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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