



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Housing Authority of the City of Seattle

King County

For the period January 1, 2013 through December 31, 2013

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Washington State Auditor Troy Kelley

November 24, 2014

Board of Commissioners
Housing Authority of the City of Seattle
Seattle, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Housing Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR

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AUDIT SUMMARY

Results in brief

In the areas we audited, Housing Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Housing Authority of the City of Seattle from January 1, 2013 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Housing Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Open public meeting minutes
- Procurement (bidding/prevaling wage)
- Payroll/personnel
- Financial condition
- Internal controls over wait lists
- Housing eligibility compliance

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from the Housing Authority of the City of Seattle. Unqualified opinions were issued on the financial statements.

In addition, the financial statements for the Housing Authority's discretely presented component units, which are included in the Housing Authority's financial statements, were audited by other certified public accountants.

Federal Grant Programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal programs. That firm's report is available from the Housing Authority of the City of Seattle. That report includes two federal findings: (1) The Housing Authority did not verify that all noncontract vendors were not suspended or debarred per the Excluded Parties List System, and (2) The Housing Authority did not submit a required federal financial report on a quarterly basis during the year.

Special Investigations

During the current audit period, the State Auditor's Office issued a report in November 2014 regarding questionable overtime activity at the Housing Authority's Solid Waste Division. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE HOUSING AUTHORITY

The City of Seattle created the Seattle Housing Authority in 1939. The Housing Authority owns and operates about 6,500 public housing units subsidized by the U.S. Department of Housing and Urban Development and 1,700 additional units in other housing programs including tax credit units. In addition, the Housing Authority administers Section 8 subsidized rental housing for about 10,000 households. The Housing Authority seeks to provide safe and affordable living environments for about 30,000 low-income residents.

The Mayor of Seattle appoints the seven-member Board of Commissioners to staggered, five-year terms. The Board appoints an Executive Director to administer daily operations. The Housing Authority has approximately 500 employees. Funding to cover housing costs and operations consists of federal operating subsidies, grants, rent, miscellaneous fees and investment income. A multi-year, multi-million dollar redevelopment of three public housing communities is under way that will result in new housing units, parks and community facilities. This redevelopment is largely funded by federal grants, state and city funds and bonds. The Housing Authority's total expense budget for 2013 was \$197 million.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Housing Authority of the City of Seattle at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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