



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Housing Authority City of Kennewick

Benton County

For the period July 1, 2014 through June 30, 2016

Published February 13, 2017

Report No. 1018604





Office of the Washington State Auditor
Pat McCarthy

February 13, 2017

Board of Commissioners
Housing Authority City of Kennewick
Kennewick, 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,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Summary.....	4
Related Reports.....	5
Information About The Housing Authority	6
About The State Auditor’s Office.....	7

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 City of Kennewick from July 1, 2014 through June 30, 2016.

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:

- Financial condition
- Vendor contracts and disbursements
- Payroll/personnel
- Credit card disbursements

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.

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.

INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority City of Kennewick provides housing, rental assistance, support services and homeownership assistance to eligible low-income families who live in the city of Kennewick and in Benton County. The Housing Authority owns and operates a six-unit apartment Complex exclusively for persons with physical disabilities. The Housing Authority also owns 124 multi-family duplexes in 62 buildings and a 66-unit, high-rise apartment building. The Housing Authority also administers a U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher Program with 975 participants.

The Housing Authority also owns a duplex unit in Richland, which prioritizes serving families who have been victims of domestic violence. This is a joint program between the City of Richland, Domestic Violence Services, and Benton County. The Housing Authority administers a 138-unit Housing Assistance Payments contract under the HUD Moderate Rehabilitation programs. The owners of this property plan to apply for the HUD Rental Assistance Demonstration Component II program and the assistance will convert to project-based voucher assistance at the time of conversion.

The Housing Authority was created in 1943 by the Kennewick City Council. Its Board of Commissioners consists of five members appointed by the Mayor of Kennewick and the Board appoints a sixth Resident Commissioner. The Commissioners can serve for three consecutive, five-year terms and a maximum of 15 years of service on the Board. The Board is responsible for determining vision, goals and policies for the Housing Authority. The Housing Authority has a staff of 20 employees and annually provides housing assistance to over 1,300 families.

For fiscal years 2015 and 2016, the Housing Authority received revenue of approximately \$7.1 and \$8 million, respectively. The majority of the Housing Authority's revenue is from HUD funding.

Contact information related to this report	
Address:	Housing Authority City of Kennewick 1915 W. 4th Place Kennewick, WA 99336
Contact:	Hermelinda Sierra, Finance Officer
Telephone:	(509) 586-8576
Website:	kennewickha.org/

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Housing Authority City of Kennewick 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov