

Washington State Auditor's Office
Accountability Audit Report

Housing Authority of Mason County

Report Date
May 11, 2009

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June 16, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

June 16, 2009

Board of Commissioners
Housing Authority of Mason County
Bremerton, Washington

Report on Accountability

Please find attached our report on the Housing Authority of Mason County's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the Housing Authority's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Audit Summary

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ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Housing Authority of Mason County.

We performed audit procedures to determine whether the Housing Authority complied with state laws and regulations and its own policies and procedures. We also examined Housing Authority management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from October 1, 2007, through September 30, 2008.

RESULTS

The Housing Authority complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

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

CLOSING REMARKS

We thank Housing Authority officials and personnel for their assistance and cooperation during the audit.

Description of the Housing Authority

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ABOUT THE HOUSING AUTHORITY

The Housing Authority of Mason County was organized in 1972 and serves citizens with low-incomes in Mason County. It is administered by a five-member Board of Commissioners appointed by the Mason County Commissioners. The Housing Authority budgeted \$727,000 in expenses during 2007.

The Housing Authority operates one Rural Development property which includes Goldsborough Cove and Fairmont Cove Apartments, one Section 8 new construction property - Pine Gardens, and one Tax Credit Partnership - Kneeland Park Apartments. During most of the audit period, the Housing Authority also included a Housing Choice Voucher Program as well as HOME Vouchers. Those voucher programs were absorbed by Bremerton Housing on September 1, 2008.

The Housing Authority has two employees to manage the properties and has contracted with the Housing Authority of the City of Bremerton to administer its programs since 1978. This includes providing all management and accounting services and preparing and submitting reports to the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture - Rural Development.

AUDIT HISTORY

We audit the Housing Authority annually. The Housing Authority has not had any audit findings in the last six audits and we believe this reflects its commitment to maintain strong internal controls.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Michael Neher
Gayle Weston
Lloyd Sinclair (through September 2008)
Carolyn Malanowski (effective November 2008)
Jack Miles
Merrill Wallace

Executive Director

Kurt Wiest

ADDRESS

Housing Authority

P.O. Box 4640
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Audit Areas Examined

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In keeping with general auditing practices, we do not examine every portion of the Housing Authority of Mason County's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Housing Authority were examined during this audit period:

ACCOUNTABILITY

We evaluated the Housing Authority's accountability in the following areas:

- Open public meetings/records laws
- Conflict of interest/ethics laws
- Disbursements/expenditures
- Payroll/personnel

FEDERAL PROGRAMS

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

FINANCIAL AREAS

Our opinion on the Housing Authority's financial statements is provided in a separate report. That report includes the Housing Authority's financial statements and other required financial information. We examined the financial activity and balances of the Housing Authority including:

- Cash and investments
- Revenue
- Expenses
- Long-term debt
- Overall presentation of the financial statements
- Financial condition



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.

Our mission is to work in cooperation 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 our 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 continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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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