

Washington State Auditor's Office
Accountability Audit Report

Pierce County Housing Authority

Report Date
June 30, 2006

Report No. 71490

Issue Date
September 22, 2006



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

September 22, 2006

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

Report on Accountability for Public Resources

Please find attached our report on the Pierce County Housing Authority's accountability for public resources 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

Pierce County Housing Authority June 30, 2006

ABOUT THE AUDIT

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

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 January 1, 2005, through December 31, 2005.

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

Pierce County Housing Authority June 30, 2006

ABOUT THE HOUSING AUTHORITY

The Pierce County Housing Authority was created to provide housing opportunities for eligible individuals within the County. The Housing Authority owns 14 apartment complexes and has approximately 80 employees. Its annual operating budget is approximately \$26.5 million. A six-member Board of Commissioners, five of whom are appointed by the County Executive and one housing resident, who is appointed by the Housing Authority Board of Commissioners, governs the Housing Authority. The Board appoints its Executive Director who, along with the Housing Authority staff, administers day-to-day operations of the Housing Authority and carries out policies established by the Board.

AUDIT HISTORY

We audit the Housing Authority annually. No findings were reported for the current audit and none were reported for the fiscal years ended 2004, 2003, 2002 and 2001.

Housing Authority officials have responded to our recommendations in prior years in a timely manner, and we believe they will continue to do so. This reflects the Housing Authority's desire and commitment to maintain a financial system with strong internal controls.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Melanie Morgan
Edward Troughton
David N. Boyd
Charles Leech
Robert Gunstrom

APPOINTED OFFICIALS

Executive Director

Karen Hull

ADDRESS

Housing Authority

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P.O. Box 45410
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Audit Areas Examined

Pierce County Housing Authority June 30, 2006

In keeping with general auditing practices, we do not examine every portion of the Pierce County Housing Authority'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 FOR PUBLIC RESOURCES

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

- General cash receipting
- Petty cash, change and revolving accounts
- Billings and account receivables
- Payroll
- Travel
- DeMark Apartments
- General disbursements
- Purchase of goods and services
- Credit card use
- Financial statement preparation and journal entries
- Public Housing Capital Fund program review of Actual Modernization Cost Certificates

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Required financial schedules
- Insurance and bonding
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Long-term debt covenant compliance
- Credit card use
- Purchase cards
- Contracts and agreements
- Review Housing Development low income policy compliance
- Allowable expenditures
- Travel expenses
- Advance travel payments and reimbursements

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
- Revenues and receivables
- Expenditures/expenses and liabilities
- Equity
- Financial Data Schedule
- Capital assets
- Long-term debt
- Overall presentation of the financial statements
- Internal activities
- Journal vouchers