

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

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**Pierce County Housing Authority**

Report Date  
**August 31, 2007**

**Report No. 73384**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR

Issue Date  
**September 28, 2007**



**Washington State Auditor  
Brian Sonntag**

September 28, 2007

Board of Commissioners  
Pierce County Housing Authority  
Tacoma, Washington

***Report on Accountability***

Please find attached our report on the Pierce County Housing Authority'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

## Pierce County Housing Authority August 31, 2007

### ***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, 2006, through December 31, 2006.

### ***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 August 31, 2007

### **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 \$29.5 million. A six-member Board of Commissioners governs the Authority. Five of the Commissioners are appointed by the County Executive and one of the housing residents is appointed by the Board. The Executive Director along with the Housing Authority staff administers the day-to-day operations of the Housing Authority and carries out the policies established by the Board.

### **AUDIT HISTORY**

We audit the Housing Authority annually. No findings were reported for the current audit or the five previous audits.

Housing Authority officials have positively responded to our recommendations in previous audits. 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  
Mark Martinez, (effective August 29, 2006)  
Edward Troughton  
David N. Boyd  
Charles Leech (through July 15, 2006)  
Robert Gunstrom

Housing Resident Appointee

### **APPOINTED OFFICIALS**

Executive Director

Karen Hull

### **ADDRESS**

Housing Authority

603 South Polk Street  
P.O. Box 45410  
Tacoma, WA 98445-0410  
(253) 620-5400  
[www.pchawa.org](http://www.pchawa.org)

# Audit Areas Examined

## Pierce County Housing Authority August 31, 2007

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**

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

- Billings/receivables
- General cash receipting
- Contracts/agreements/bid law
- Debt covenants
- Insurance/bonding
- Open public meetings
- Low income public housing community services
- Housing development low income compliance
- Public housing capital fund program
- General disbursements/expenditures
- Payroll
- Conflict of interest/ethics laws
- Inter-fund transactions/balances
- Petty cash, change and revolving accounts
- Lonepine Apartments
- Actual modernization cost certificates
- Financial statement preparation and journal entries

### **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



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

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**T**he 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 has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. 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 program to coordinate audit efficiency and to ensure high-quality audits.

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**Brian Sonntag, CGFM  
Ted Rutt  
Jerry Pugnetti  
Doug Cochran  
Chuck Pfeil, CPA  
Linda Long, CPA, CGFM  
Jim Brittain, CPA  
Jan Jutte  
Mike Murphy  
Mindy Chambers  
Mary Leider  
(360) 902-0370  
(866) 902-3900**

**Web Site**

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