

Washington State Auditor's Office
Accountability Audit Report

Pierce County Housing Authority

Report Date
July 25, 2008

Report No. 75097

Issue Date
September 29, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 29, 2008

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

Table of Contents

Pierce County Housing Authority July 25, 2008

Audit Summary.....	1
Description of the Housing Authority.....	2
Audit Areas Examined.....	3

Audit Summary

Pierce County Housing Authority July 25, 2008

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, 2007, through December 31, 2007.

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 July 25, 2008

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 \$27 million. A six-member Board of Commissioners governs the Housing 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 previous six audits.

Management has historically been responsive to our recommendations for improvements. This reflects the Housing Authority's desire and commitment to maintain a financial system with strong internal controls.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:
Executive Director

David Boyd
Robert Gunstrom, Housing Resident
Charles Leech
Mark Martinez
Melanie Morgan
Edward Troughton
Karen Hull

ADDRESS

Housing Authority

603 S. Polk Street
P.O. Box 45410
Tacoma, WA 98445-0410
(253) 620-5400
www.pchawa.org

Audit Areas Examined

Pierce County Housing Authority July 25, 2008

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
- Bond covenants
- Insurance, bonding and risk management
- Open public meetings/records laws
- Procurement /purchasing
- Housing developments
- Travel
- LIPH community service
- General disbursements/expenditures
- Payroll/personnel
- Conflict of interest/ethics laws
- Public official compensation
- Inter-fund transactions
- Safeguarding assets
- Chateau Rainier Apartments
- Public Housing Capital Fund program

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
- Expenditures/expenses
- Financial Data Schedule
- Capital assets
- Journal vouchers
- Non-current liabilities
- Overall presentation of the financial statements
- Internal activities
- Net assets and adjustments



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 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.

**State Auditor
Chief of Staff
Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free hotline for government efficiency**

**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

www.sao.wa.gov