

**GARY L. DEPACE CPA, PC**

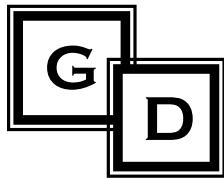
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**MAYNARD HOUSING AUTHORITY**  
**Maynard, Massachusetts**

**REPORT ON AGREED-UPON PROCEDURES**

**For the Fiscal Year ending December 31, 2020**



**GARY L. DEPACE CPA, PC**

**INDEPENDENT AUDITORS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

December 9, 2021

The Board of Commissioners  
Maynard Housing Authority  
Maynard, Massachusetts

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners, the Department of Housing and Community Development (DHCD) and management of the Maynard Housing Authority, solely to perform the agreed-upon procedures, as prescribed by the Massachusetts Department of Housing and Community Development for the year ended December 31, 2020. The Maynard Housing Authority's management is responsible for management decisions and functions and maintaining internal controls, including monitoring ongoing activities. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedure and the associated findings are presented in the Schedule of Agreed-Upon Procedures included in the report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of the Maynard Housing Authority's internal controls or on compliance with certain provisions of laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Commissioners, DHCD and management of the Maynard Housing Authority, is not intended to be and should not be used by anyone other than these specified parties.

*Gary L. DePace, CPA PC*

Housing Authority Name:	MAYNARD HOUSING AUTHORITY
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Fiscal Year End (FYE):	Dec 2020
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Date of AUP Conducted:	11/29/2021 12:00:00 AM
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Executive Director:	Robert Larkin
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CPA:	Gary L. DePace CPA PC
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CPA Phone:	413-267-5223
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HMS:	Thomas Lee
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Total AUP Exceptions:	9
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#### A. General Accounting

Total # of exceptions: 1	Rating: Operational Guidance			
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

##### A. Reconciling financial statements to general ledger.

1. The amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2, respectively) reconcile to the LHA's general ledger. (Tolerable error of +/- \$100). For all cases that don't match, please detail specifics including at a minimum account and variance amount in column to right.

##### B. The following general ledger accounts reconcile to supporting documentation (Tolerable error of +/- \$100, unless otherwise noted): For all cases that don't match, please detail specifics including at a minimum account and variance amount in CPA Recommendations column.

1. Cash accounts (#1111 to #1114.1 and #1162) are in agreement with bank statements and reconciliations	NE			
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2. Tenant Accounts Receivable and Prepaid Tenant Rent accounts (#1122, #1124 and #2240) are in agreement with agings of Tenants Accounts Receivable (TAR)	NE			
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3. Capital Assets and Accumulated Depreciation (all fixed assets except 1400.2) are in agreement with the depreciation schedule/fixed asset listing).	NE			
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4. Accounts Payables accounts (#2111, #2111.1, #2120 and #2139) are in agreement with supporting documentation for Accounts Payables and accruals.	NE			
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5. Accrued Compensated Absences accounts (#2135 and #2335.01) are in agreement with the compensated absences schedule.	NE			
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6. DHCD approved budget exemptions for direct reimbursement as found in the (ANUEL & Subsidy Worksheet - Section 8 in the Operating Statement) are in agreement with LHA record of actual expenses in the General Ledger.	NE			
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7. Salaries and Gross Wages (4110, 4410, 4120) (tolerable error of +/- 3.0%) are in agreement with the MA form WR-1 (state filings).	E	The Firm was unable to verify. The WR-1 form was not completed and filed for the 4th quarter.	The Firm recommends that the Authority reconcile with DEET.	WR-1 has been submitted for 4th Qtr 2020
8. Balance Sheet Accounts (#2140, #2339.1, and #2339.2) are in agreement with OPEB/pension reporting.	NE			

#### C. DHCD Public Housing Notice #2018-4, Direct Cost Exemption for Operating Reserve Augmentation in FY2018 Budget & New Operating Reserve Thresholds.

1. The amounts reported on the Operating Statement and Balance Sheet (DHCD Forms 51-1 and 51-2, respectively) reconcile to the LHA's general ledger. (Tolerable error of +/- \$100). For all cases that don't match, please detail specifics including at a minimum account and variance amount in column to right.

B. Tenant Accounting				
Total # of exceptions: 0		Rating: No Findings		
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

#### A. Select a random sample of rent transactions (Small - 5, Med - 10, Large - 15, Very Large - 20) of rent transactions. Include at least 20% are credit adjustments and 20% are lease enforcements (if have).

1. The Authority retained supporting documentation for rent receipts.
2. The Authority posted rent receipts to the correct tenant accounts.
3. The Authority retained documentation supporting credit adjustments.
4. The Authority followed its rent collection policy for non-payment of rent (i.e., issued a notice to quit, followed eviction protocol.)

#### B. Account Write-Offs

1. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Acct #4570 - Collection Loss).

#### C. Vacancies Being Reported in Vacancy System

1. Verify that the number of vacant units accounted for in the LHA's operating software is the same number of vacancies reported by the LHA in the DHCD On Line Vacancy System for the fiscal year

C. Payroll				
Total # of exceptions: 4		Rating: Corrective Action		
	Exceptions	Exception Explanation	CPA Recommendations	LHA Response

#### A. Wage Reporting

1. Actual wages for the Top 5 highest paid employees was consistent with the DHCD-approved budget (Schedule of All Salaries and Positions Report), excluding over-time and longevity payments. (Tolerable error of +/- 3.0% of budgeted salary)	E	Actual maintenance wages paid during the year exceeded budget by more than 3%,	No recommendation.	Overtime
2. Verify the amount reported on the Top 5 Compensation Form matches exactly the amount reported on reconciled to the WR-1.	E	The Firm was unable to verify. The WR-1 form was not completed and filed for the 4th quarter.	The Firm recommends that the Authority reconcile with DEET.	WRI Submitted for 4th quarter 2020
3. LHA is in possession of DHCD-approved executive contract signed by the LHA, Executive Director and DHCD. If LHA can show that currently being processed by DHCD and was not returned to the LHA for failing to meet DCHD's requirements, LHA can produce the last DHCD-approved executive contract or at-will agreement signed by the LHA, Executive Director and DHCD.	E	The Authority was unable to provide a DHCD approved Executive Director contract.	The Firm recommends that the Authority follow DHCD guidelines when hiring an Executive Director.	New ED to be hired in Jan or Feb 2022. BOD will follow DHCD guidelines on new hire.

#### **B. Payroll Testing for all employees from all funding sources - Select a single payroll period:**

1. The payroll register accurately accounts for time worked as logged on employee timesheets/time cards.	NE			
2. Timesheets/time cards are maintained by all employees (including Executive Director) and were approved by supervisor (except Executive Director) including leave taken.	E	The Firm notes that timesheets we maintained and signed by each employee but were not approved by the Executive Director or supervisor.	The Firm recommends that the Executive Director sign off on employee timesheets in order to ensure there are proper controls and approvals over employee time tracking.	Moving forward - ED will sign off on all time sheets.
3. Annual leave time (i.e., sick, vacation, personal) used is identified on timesheets/time cards and accurately accounted for in a compensated absences register.	NE			

#### **C. Compensated Absences Policy**

1. Personnel Policy includes (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment per PHN 2017-14.	NE			
2. The Authority is accounting for annual leave time earned in accordance with the Authority's personnel policy.	NE			

#### **D. Accounts Payable**

**Total # of exceptions: 0**

**Rating: No Findings**

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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**A. Select a random sample of (Small - 15, Med - 20, Large - 25, Very Large - 25) cash disbursement transactions. The auditor may substitute random selections for large or unusual items identified in a review of the cash disbursements journal. The auditor should substitute for at least one credit card statement, at least one employee expense reimbursement transaction, at least one capital expense, at least one operating expense and at least one debit card transaction. For all discrepancies, to the right detail the type of payable, the date, the charge, and the amount.**

1. Cash disbursements were authorized in accordance with the Authority's policies.	NE			
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2. Cash disbursements are in agreement with supporting documentation.	NE			
3. Supporting documentation is sufficiently detailed.	NE			
4. Costs are allowable (i.e. sales tax, alcohol, lottery tickets)	NE			
5. Costs are properly allocated to the correct program(s). Cost of current year additions are allocated to programs in a manner consistent with the use of the asset.	NE			
6. Costs are properly classified.	NE			

#### E. Inventory

Total # of exceptions: 3

Rating: Corrective Action

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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#### A. Capital and Non-Capital Asset Inventory

1. The Authority performed a physical count of its capital asset and non-capital asset inventory at least annually (non-capital assets are refrigerators and stoves and other furniture equipment over the Authority's non-capital inventory threshold, which may not exceed \$1,000).	E	The Authority was unable to provide that information.	The Firm recommends that the Authority perform a physical count of its capital and non-capital assets at least once annually.	Beginning with all new purchases (and purchases in the last 6 months) the MHA will establish inventory controls via PHA Web
2. Capital and Non-Capital Asset inventory includes all necessary information to identify the asset. For non-capital assets that includes a tag with an LHA-assigned number for all assets of \$1,000 or more (and all refrigerators and stoves of any value). For relevant assets of \$5,000 or more that includes the make/model/year for vehicles and the FISH number.	E	The Firm notes that the Authority's inventory listing needs to be updated to include the tag numbers of newer purchases.	The Firm recommends that the Authority implement an inventory system that includes all items above \$1,000, as well as all stoves and refrigerators of any value. The listing details should include the tag number, purchase price, purchase date, location, and any identifying information, such as make, model, and serial number.	Beginning with all new purchases (and purchases in the last 6 months) the MHA will establish inventory controls via PHA Web
3. The Authority identified additions and disposals of capital and non-capital assets for the accounting period.	E	The Authority was unable to provide that information.	Recommendation above.	MHA will devise plan for disposal of all assets
4. Select a random sample of non-capital assets by tag number (Small - 3, Med - 6, Large - 9, Very Large - 12) and verify existence.	--			

## F. Procurement

Total # of exceptions: 1

Rating: Operational Guidance

Exceptions

Exception Explanation

CPA Recommendations

LHA Response

For A to C below, examine the cash disbursements journal (or check register) as well as the contract register and identify purchases of goods and services during the year that should have been competitively procured. From these purchases that should have been competitively procured, select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of known or possible procurements valuing \$10,000 or more; if possible when selecting the sample, include at least one procurement valuing \$10,000 to \$50,000 and one procurement valuing more than \$50,000 (for goods and services for MGL c. 30B only). If any in the sample were not competitively procured, enter as an exception in A. For sampled purchases that went through procurement, follow procedures under B or C below depending on the size of the procurement.

**COVID-Related Temporary Changes:** Only sample procurements done by the LHA; not RCAT or DHCD-assisted procurements. Documents to request for AUP include a copy of the ad(s), bid tabulation, board vote, signed contract, and contact register.

### A. Procurement Policy

1. The Authority's procurement policy is consistent with the requirements of MGL c. 30b (or more conservative federal regulations).	NE			
2. The Authority maintains a contract register which includes the following information: contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date and remaining value.	E	The Firm notes that the Authority was unable to provide a contract register for modernization, good and services.	The Firm recommends that the Authority utilize the contract register template created by DHCD in order to keep all key contract information easily accessible in one place. Each entry should include the contractor name, description of goods or services, whether the contract is active or inactive, the start date, end date, dollar value, change orders, expenditures to date, and the remaining value of the contract.	Hiring of new ED will review recommendations of The Firm

### B. Known and possible procurements valuing (\$10,000 up to and including \$50,000) (for goods and services for MGL c. 30B only).

LHA can follow more conservative federal regulations when applicable. [- If N/A selected for any one below, then default all drop downs to N/A in this section]

1. Proper procurement method used.	N/A			
2. Proper selection based on MGL c.30B s.5 solicitation of quotes requirements.	N/A			
3. Documentation of a written purchase description with solicitation of written quotes from at least three persons.	N/A			
4. Contract was for not more than 3 years unless majority board vote allowed it to be longer.	N/A			
5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director.	N/A			
6. Contract did not go through automatic renewals unless renewals were part of the original procurement.	N/A			

7. The contracts are included on the Authority's contract register.	N/A			
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**C. Known and possible procurements valuing (more than \$50,000) (for goods and services for MGL c. 30B only).**  
**LHA can follow more conservative federal regulations when applicable. [- If N/A selected for any one below, then default all drop downs to N/A in this section]**

1. Proper procurement method used.	N/A			
2. Proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements. If using MGL C.30B s.6 RFP requirements, LHA must have a Chief Procurement Officer (CPO) conduct the procurement under c.30B s.6.	N/A			
3. Documentation of Newspaper advertisement, LHA's Office and COMMBUYS two weeks prior to bidding process. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin.	N/A			
4. If IFB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder.	N/A			
5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director.	N/A			
6. Contract did not go through automatic renewals unless renewals were part of the original procurement.	N/A			
7. The contracts are included on the Authority's contract register.	N/A			

#### G. Eligibility Compliance

Total # of exceptions: 0

Rating: No Findings

	Exceptions	Exception Explanation	CPA Recommendations	LHA Response
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**A. Public Housing - Select a sample (Small LHA - 5, Medium LHA - 10, Large or Very Large LHA - 15) of tenant files (from programs 200, 667, 705); if the LHA has multiple property managers, at least one file should be selected per manager.**

1. The Authority performed timely annual rent determinations (or bi-annual if the Authority has a waiver from DHCD to do so).	NE			
2. The Authority properly calculated rent.	NE			
3. The Authority verified family composition.	NE			
4. The Authority verified income, exclusions from income and deductions.	NE			
5. The Authority properly sent notifications of rent redetermination at least 60 days prior to the effective date.	NE			
6. The Authority properly sent notifications of rent change at least 14 days prior to the effective date.	NE			

7. The Authority was timely in the execution of lease addendums.

NE

**B. MRVP - Select a sample of annual rent determinations (sample 10% (min:1 max:15) of leased MRVP units). [- If N/A selected for any one below, then default all drop downs to N/A in this section]**

1. The Authority performed timely annual rent determinations.	NE			
2. The Authority properly calculated rent.	NE			
3. The Authority verified family composition.	NE			
4. The Authority verified income, exclusions from income and deductions.	NE			
5. The Authority obtained Certificates of Fitness (COF).	--			
6. The Authority obtained Letters of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit.	NE			
7. The Authority obtained Proofs of Ownership	--			
8. The Authority obtained W9s for landlords.	--			