

Washington State Auditor's Office
Accountability Audit Report

**Kitsap County Consolidated Housing
Authority
(Housing Kitsap)**

Report Date
March 11, 2011

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March 30, 2011



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 30, 2011

Board of Commissioners
Housing Kitsap
Silverdale, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Housing Authority to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Housing Kitsap's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Audit Summary

Housing Kitsap
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ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Housing Kitsap from July 1, 2009 through June 30, 2010.

We evaluated internal controls and performed audit procedures on the activities of the Housing Authority. We also determined whether the Housing Authority complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Accounting/financial reporting
- Billings/receivables
- Cash receipting
- Small and attractive assets such as computers
- Asset inventories
- Investments
- Open public meetings/records laws
- Disbursements/expenditures
- Credit card use
- Travel expenses
- Petty cash/imprest funds
- Conflict of interest/ethics laws
- Property rental activities

RESULTS

In the areas we examined, the Housing Authority's internal controls were adequate to safeguard public assets. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**Housing Kitsap
Kitsap County
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FINANCIAL

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

FEDERAL GRANT PROGRAMS

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding lack of oversight of a private contractor managing rental properties associated with a federal grant program.

Description of the Housing Authority

**Housing Kitsap
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ABOUT THE HOUSING AUTHORITY

Kitsap County Consolidated Housing Authority, doing business as Housing Kitsap, serves all of Kitsap County excluding the city of Bremerton. The Housing Authority has formed nonprofit organizations and limited partnerships to facilitate acquisition and construction of public and private housing and other community developments. The Housing Authority owns and operates over 1,500 units of affordable housing in approximately 29 dwelling complexes including low rent public housing, independent living facilities for low-income seniors and housing with specialized services for chronically ill people. It has been offering and administering the U.S. Department of Agriculture's Mutual Self-Help Program in Kitsap and surrounding counties since 1973 and contracts with the Bremerton Housing Authority to administer the Section 8 Housing Assistance Payments Program.

The Housing Authority is administered by a seven-member Board of Commissioners. The Board consists of three Kitsap County Commissioners, the Mayors of the cities of Port Orchard and Poulsbo, a Council Member of the city of Bainbridge Island and a resident from one of the Housing Authority projects. It also operated as a Community Renewal Agency within the city of Bremerton until May 2009 when the Board resolved to focus on its core mission of providing housing to low-income residents. The Board appoints an Executive Director to oversee the Housing Authority's daily operations as well as its approximately 49 employees.

The Housing Authority receives revenue from a variety of sources including rents from tenants, federal and state grants, proceeds from sales of property, property management fees and developer's fees. For fiscal year 2010, the Housing Authority operated on an annual budget of approximately \$36 million.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

| | |
|---------------------------------------|---|
| Kitsap County Commissioner District 1 | Steve Bauer |
| Kitsap County Commissioner District 2 | Charlotte Garrido |
| Kitsap County Commissioner District 3 | Josh Brown |
| City of Bainbridge Island Council | Debbie Lester |
| City of Port Orchard Mayor | Lary Coppola |
| City of Poulsbo Mayor | Kathryn Quade (through December 2009) |
| | Becky Ericson (effective January 2010) |
| Resident | Troy Erickson |
| Interim Executive Director | Deborah Broughton (through December 2009) |
| Executive Director | Judy Henry (January 2010 through February 2010) |
| | Tony Caldwell (effective March 2010) |

HOUSING AUTHORITY CONTACT INFORMATION

Address: Housing Kitsap
9307 Bayshore Drive N.W.
Silverdale, WA 98383

Phone: (360) 535-6100

Website: www.kccha.org

AUDIT HISTORY

We audit the Housing Authority annually. The District has been free of findings for the past nine audits.



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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