



**GAINESVILLE HOUSING AUTHORITY**  
*Where Housing Matters*

1900 SE. 4<sup>th</sup> St., Gainesville, FL 32641  
 Telephone (352) 872-5500 ~ Fax (352) 872-5501  
[www.gainesvillehousingauthority.org](http://www.gainesvillehousingauthority.org)

**EXECUTIVE DIRECTOR**  
 PAMELA E. DAVIS

April 16, 2019

Carlos L. Holt, CPA  
 City Auditor, City of Gainesville Florida  
 200 East University Ave  
 Gainesville, Florida 32601

**RE: RESPONSE TO AUDIT**

Dear Mr. Holt,

Below are the Gainesville Housing Authority's responses to the City of Gainesville's evaluation risk assessment and we are very pleased that the primary results provide no cause to avoid any form or partnership agreement with the Gainesville Housing Authority.

As stated in the report there were no exceptions noted in 22 of the 29 areas and the exceptions noted could be classified as non-major or minor. We would like to also respond to the possible change strengthening suggestions that were separately provided.

**Exceptions:**

**4. Other Revenue** – We obtained the November 2018 income statement year to date and reviewed the general ledger account (3480) other revenue transaction activity for any other large and unusual activity and verified the revenue recorded is valid, properly classified, and collectable. As of November 2018, other revenue approximated \$231k primarily relating to intercompany income and expenses which offset each other.

We noted journal entry 7453 was a material inventory adjustment posted in August 2018. The journal entry was prepared by the outside accountant in October 2018. The material inventory adjustment increased material inventory approximately \$35k additionally recording other revenue of approximately \$32k in order to true up the material inventory on the balance sheet to the GHA inventory report. Note: We consider this adjustment to other revenue uncharacteristic of a book to physical inventory adjustment.

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
 Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*



**Response:**

We are in agreement that the inventory adjustments are uncharacteristic; it is however proper under generally accepted accounting principles. The inventory was in the process of being split between the three Public Housing Asset Management Properties (AMPs) as of the prior fiscal year end in order to carry the material inventory balances in each property, rather than just AMP 1. Due to the massive undertaking of this process, it was not completed by March 31, 2018. Moving the balances from AMP 1 to AMPs 2 and 3 had the effect of increasing the equity for AMP 1. Since the amounts are not material for a prior year adjustment, and current year ending March 31, 2019 material costs could not be reduced (it would have left the materials expense account in a credit balance), the other income account was the proper account to use for the split of the materials inventory balance sheet accounts. We will give consideration to an approval process in the future for such one-time ever entries.

**6. Accounts Payable** – We obtained a detailed listing of disbursements for the period 4/1/2018 – 1/31/2019 and verified the listing was complete. We randomly sampled 25 disbursements and agreed the supporting documentation to the disbursement; including purchase order, invoice, and receiving documents, as applicable. In addition, we verified the purchase orders or vendor invoice was appropriately approved evidenced by a signature from management.

We found two invoices did not have an approval signature.

**Response:**

The accounts payable personnel will review all invoices to ensure proper approval has been provided prior to processing.

**7. Dual Check Signature** – We obtained a detailed listing of disbursements of the period 4/1/2018 – 1/31/2019 and verified the listing was complete. We randomly sampled 25 disbursements greater than \$3000 and verified each check contained two signatures authorizing the check disbursement.

We found one check did not contain two approval signatures.

**Response:**

The accounts payable staff will review each check executed to ensure that either a single signature, Executive Director; or, both the Executive Director and Commissioner for amounts over \$3,000, are obtained.





**8. Payroll Existence** – We obtained a detailed listing of active employees processed during the January 2019 period and verified the listing was complete. For all 35 active employees, we verified the employee's existence while they performed their job function. In addition, we reviewed HR related documentation that supports the individual is properly classified as an employee and not as an independent contractor. Moreover, we selected a sample of five employees in accordance with sampling guidelines. For each employee selected, we verified the employee Name, Address and SSN agree to the HR onboarding records and verified a signed copy of the Code of Ethics, Policy and Procedures and Technology Use Policy was maintained in the employee HR file.

We found one employee's HR file did not contain both the job application and a signed copy of the Policies and Procedures Manual.

**Response:**

We will review all files for completeness and correct any deficiencies. Going forward, the onboarding process will be completed via a check list and reviewed by another HR responsible party.

**11. Payroll Verification** – We obtained a detailed listing of payrolls processed for the period 4/1/2018 – 1/31/2019 and verified the listing was complete. We selected the 1/12/2019 payroll period and randomly selected seven employees to verify their vacation accrual is accurate; employees are taking vacation as appropriate and identify any employee who has not taken vacation in the testing period. We noted the policy states employees with less than 10 years accrue vacation at a rate of 8 hours/month with a maximum of 192 hours and sick rate at a rate of one day per month with a maximum of 720 hours.

We found two employees did not have the correct vacation accrual entered into the accounting system.

**Response:**

GHA will institute a review process on at least a semi-annual basis of all employees to ensure that vacation and sick hours are accruing at the correct rate. The review will be conducted by the Deputy Director with reporting to the Executive Director of any deficiencies found.

**14. RFP Capital Projects** – We obtained a listing of all capital projects awarded under a RFP during the last two years. There were no new contracts awarded in fiscal year March 31, 2018. We judgmentally selected the last two projects in excess of \$750,000 thus requiring a RFQ for the architect and sealed bids for a reroof, generator replacement and a Security Camera upgrade. Project #2 was related to the Sunshine Project and was for an exterior facelift. For Project #1 and Project #2, we reviewed the RFQ for Architect and noted bids were obtained from six architects. For each bid, architect qualifications were reviewed, independent score cards were completed, RFQ completeness was verified and the BOC voted on the design contract. For Projects #1 and #2, we verified bids notifications were published with a bid closing date, submitted bids had a check sheet, GHA/BOC completed scorecard along with the requested proof of license, insurance, qualifications, references, etc. We also verified the Sunshine Park bid was sealed and

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*



opened with a witness. We then verified each bid for both projects were ranked and the Board of Commissioners approved the award of contracts.

We were unable to verify that the three Oak Park bids were received sealed and opened with a witness. Supporting documentation was not provided.

**Response:**

All sealed bid projects will have an independent third party (an employee outside of the entire procurement process) on hand to certify in writing that all bids were sealed completely and opened at the same time for review. That documentation will be kept as a permanent record to the file.

**18. Monthly Income statement and balance sheet analytic review-** We obtained the November 2018 Board of Commissioners financial reporting presentation. The financial results for the month are prepared by the first Tuesday in the following month. The financial statements are reviewed by the Executive Director, the outside accountant, the Audit Chair Board of Commissioners, and the Deputy Director. We reviewed the financial reporting presentation noting it contained a Schedule of Cash/Investment Position, Consolidated and Program Level Income Statements as well as Consolidated and Program Level Statement of Net Position. The income statements were on a Month-to-Date (MTD) and Year-to-Date (YTD) actual basis and were compared to budget. The reports are sent to the Board of Commissioners by the 3rd Tuesday of the month in preparation for the Board meeting on the 4th Tuesday of the month. The financial reports were reviewed by senior management and the Commission evidenced by Board Meeting Minutes. The monthly results of operations and are considered timely, accurate, and relevant. In addition, we obtained the consolidated Financial Statements for the years ended March 31, 2016, 2017 and 2018. Balance sheet and income statement accounts have a consistent trend and no unusual activity at the consolidated level was identified.

No exceptions were found as a result of applying the procedure. By the time we were substantially completed with our fieldwork on or around March 5, 2019, GHA was two months behind on the financial close. The financial close for the periods of December and January were not completed.

**Response:**

There are two month-end periods during the Gainesville Housing Authority's fiscal year that cause delay in the normal month-end closing process, December 31 and March 31. The December month-end is for the blended component unit (Gainesville Housing Development & Management Corporation a 501(c)3 entity, and the normal March fiscal year end. In the case of this year, the internal control audit also took considerable staff time to provide extensive documentation.





**Control Strengthening Measures:**

<b>Control Activity</b>	<b>Possible Improvements</b>	<b>GHA Response</b>
Asset sales	<p>The Financial Controls Policy is dated 2/26/2013.</p> <p>Reviewing and updating the policy and increasing the fixed asset capitalization policy from \$1000 to a larger amount is reasonable; perhaps \$5,000.</p>	<p>We are in agreement. We will review the applicable regulations from HUD and discuss the capitalization amount with our HUD Jacksonville financial representative. If we find the increase to be allowable, we will present the policy changes to the Gainesville Housing Authority Board of Commissioners for discussion and approval at the allowable rate.</p>
Expense Reports	<p>We noted a travel advance was prepared by the Executive Assistant and approved by the Executive Director. Executive Director travel requests could be approved by the Deputy Director or a Commissioner.</p>	<p>We are in agreement. We will prepare the necessary changes to our policy and have any Board of Commissioner with check signing power sign off on the Executive Director travel.</p>
Accounts Payable	<p>All non-PO invoices should have an approval signature. Also, update the policy to specify insurance, legal, utility, etc. do not require a PO.</p> <p>Create a formal approval matrix by amount and invoice type (legal invoices &gt; 5K signed by Executive Director) (i.e. AC repair &gt; 5 K signed by maintenance and Executive Director)</p> <p>Best practice is to have approvals contain signature and date.</p>	<p>We will establish a formal approval matrix for our non-PO invoices and recommend for approval by our Board of Commissioners that the policy also contain under what circumstances a PO is not required.</p>

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*



Dual Check Signature	Adding the \$3,000 threshold limit dual signature requirement on checks into the Financial AP policy.	We will update our Financial AP policy to reflect the \$3,000 threshold established for a second signature.
Payroll Existence	We noted employee #142 employee's file had a different name than the payroll records due to recently being married. Obtaining a legal name change form and an Onboarding Checklist to ensure all required documents are accounted for. This checklist should be maintained in each employee file.	We will obtain a legal name change form and an onboarding checklist to ensure all required documents are accounted for.
Payroll Accuracy	We noted the person entering a new hire into the payroll records is the same person who processes payroll. New hires should be entered by someone other than the payroll processor (lack of segregation).	We are in agreement. New hire entries will be completed by the Deputy Director or Executive Assistant.
Payroll Vacation	Update the vacation policy so that employees are required to take accrued vacation time. Review of the vacation and sick accruals at a minimum annually perhaps when the COLA adjustments are entered.	We will take adjustments to the GHA vacation policy under consideration and discuss with our Board of Commissioners.
General Purchase Orders	Create a formal purchasing matrix by purchasing type and dollar amount. Perhaps a single approval is needed up to a certain dollar amount then dual approvers are required.	We will establish a formal approval matrix for our purchase orders and recommend for approval by our Board of Commissioners that the policy also contain under what circumstances a PO is not required.
RFP Capital Projects	Utilize a document checklist within the project binder to ensure all documents are accounted for such as notice to bid advertisements, open bid witness signature sheet and bid review checklists.	All sealed bid projects will have an independent third party (an employee outside of the entire procurement process) on hand to certify in writing that all bids were sealed completely and opened

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*





		at the same time for review. That documentation will be kept as a permanent record to the file.
Policy and Procedure	Review policies at least annually for relevancy and propose changes if necessary.	GHA will establish a formal matrix to review policies at least annually for relevancy and propose changes when necessary.
Financial Close Process	The month end closing completed checklist is maintained in the accounting work papers and should contain a prepared by name and completion date.	We are in agreement. We will formalize the month end process to include a formal checklist that includes name, date, and signature.
Journal Entries	The Director or Deputy Director should approve any non-recurring, adjusting, book to physical or correcting journal entries. The journal entries for senior management approval could be reviewed based on materiality and/or journal entry type.	We agree and moving forward we will approve any non-recurring journal entries at our monthly meeting.
Account Reconciliations	Formal balance sheet account reconciliations for non-cash assets and liability accounts would add significant value. The accounts for reconciliation can be based on materiality and/or risk. Accounts can be reconciled monthly, quarterly, or annually. Completed reconciliations could then be approved by the Executive Director or Deputy Director.	The Gainesville Housing Authority currently provides reconciliations on all accounts that have a balance sheet difference from the supporting schedule or original documentation; such as bank accounts. This is done each and every month without exception. All accounts that are not different from the supporting schedule or original documents are not "reconciled" since there is no difference. Consideration will be given to "reconciling" accounts that may have risk on an annual basis along with a material balance.
Monthly Actual to budget results review	The FCP&P policy calls for budget overruns of >10% require analysis and	We are in agreement. We will modify our policy to include a dollar amount threshold.

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*



	communication to senior management and the Board. Update this to include MTD and YTD budget variance requirements as well as a dollar amount in order to avoid explanation on small dollar variances.	
User Access Roles	Review Lindsey system access and related roles at least annually.	We will review the Lindsey system access and related roles at year end.
User Access Added and Removed When Appropriate	Use emails to send over termination requests to NTF as part of an off boarding checklist which should be maintained in the HR file.  In addition, due to lack of HRWeb and Lindsey system access and activity audit trail reports, use a new user access form, email, or some other documentation indicating which system administrator added a new user.	We will begin to utilize emails as a part of the off boarding process and will maintain a copy as a part of the off boarding checklist in the HR file.

We look forward to working with the City of Gainesville in furthering the availability of affordable housing within the City.

Thank you,

Pamela E. Davis  
Executive Director

*Commissioner Angela Tharpe, Chairperson ~ Commissioner Craig Carter, Vice Chairperson  
Commissioner Arthur Stockwell ~ Commissioner Cynthia Chestnut ~ Commissioner LaTonya Porter*

