

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

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**Spokane Housing Authority**  
**Spokane County**

Report Date  
**February 23, 2012**

**Report No. 1007407**

Issue Date  
**March 26, 2012**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

March 26, 2012

Board of Commissioners  
Spokane Housing Authority  
Spokane, 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 the Spokane Housing Authority'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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Spokane County  
February 23, 2012**

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# Audit Summary

## Spokane Housing Authority Spokane County February 23, 2012

### **ABOUT THE AUDIT**

This report contains the results of our independent accountability audit of the Spokane Housing Authority from July 1, 2010 through June 30, 2011.

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:

- Procurement (bidding/prevaling wage)
- Conflict of interest/ethics laws
- Payroll/personnel
- Financial condition

### **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

**Spokane Housing Authority  
Spokane County  
February 23, 2012**

### ***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 program, which is listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding the calculation of family income for participants of the Housing Assistance Payments to program.

# Description of the Housing Authority

## Spokane Housing Authority Spokane County February 23, 2012

### **ABOUT THE HOUSING AUTHORITY**

The city of Spokane created the Spokane Housing Authority in 1972 to provide affordable, safe and sanitary housing for low-income individuals and families. In 2011 the Housing Authority renewed its mission to state, "To provide, develop, and promote quality affordable housing options in the communities we serve."

The Housing Authority annually provides housing assistance to more than 5,000 low-income families in the cities of Spokane and Spokane Valley and the unincorporated areas of Spokane County, as well as the cities of Millwood, Deer Park, Medical Lake, Airway Heights, Spangle and Cheney, through cooperative agreements. The Housing Authority owns 13 apartment complexes and 125 public housing units and is a general partner in the Westfall Village Apartments Limited Partnership, the Heritage Heights Apartments Limited Partnership, Cornerstone Courtyard Limited Partnership, the Pearl on Adams Partnership and the Martindale Apartment Limited Partnership.

A six-member Board of Commissioners, appointed by the Mayors of the cities of Spokane and Spokane Valley and the Spokane County Commissioners, governs the Housing Authority. The Board appoints an Executive Director to oversee the Housing Authority's daily operations and its 70 employees. For fiscal year 2011, the Housing Authority operated on an approximately \$34 million budget.

### **APPOINTED OFFICIALS**

These officials served during the audit period:

Board of Commissioners:

Jeff Nave, Chair  
Shannon Kapek, Vice Chair  
Scott Adkins  
Terri Symbol  
Jack Beeching  
Rhea Coble

Executive Director

Steve Cervantes

## ***HOUSING AUTHORITY CONTACT INFORMATION***

Address: Spokane Housing Authority  
W. 55 Mission Street  
Spokane, WA 99201

Phone: (509) 328-2953

Website: [www.spokanehousing.org](http://www.spokanehousing.org)

## ***AUDIT HISTORY***

We audit the Housing Authority annually. Past audits have reported some areas of concern. The fiscal years 2005, 2006 and 2007 audits and the current audit reported inadequate internal controls and instances of noncompliance within its federal Section 8 Housing Choice Vouchers Program. We appreciate the Housing Authority's efforts to resolve audit concerns.



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

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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 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 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 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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**Chuck Pfeil, CPA**  
**Larisa Benson**  
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