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November 2016

Steven T. Longo, Executive Director  
Members of the Board of Commissioners  
Albany Housing Authority  
200 South Pearl Street  
Albany, NY 12202

Report Number: S9-15-73

Dear Mr. Longo and Members of the Board of Commissioners:

The Office of the State Comptroller works to help housing authority officials manage their resources efficiently and effectively and, by so doing, provide accountability for dollars spent to support authority operations. The Comptroller oversees the fiscal affairs of authorities, as well as authorities' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard assets.

In accordance with these goals, we conducted an audit of six municipal housing authorities throughout New York State. The objective of our audit was to determine whether municipal housing authorities' administrators<sup>1</sup> were incurring inappropriate expenditures or receiving compensation beyond what is legally allowed. We included the Albany Housing Authority (Authority) in this audit. Within the scope of this audit, we examined the policies and procedures of the Authority and reviewed administrative expenditures for the period July 1, 2012 through July 15, 2015. This audit was conducted pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

This report of examination letter contains our findings specific to the Authority. We discussed the findings with Authority officials and considered their comments, which appear in Appendix A, in preparing this report. Authority officials generally agreed with our report. At the completion of our audit of the six authorities, we prepared a global report that summarizes the significant issues we identified at all of the authorities audited.

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<sup>1</sup> For the purposes of this audit, administrators are defined as the Executive Director and members of the Board of Commissioners.

## **Summary of Findings**

We did not identify any inappropriate expenditures incurred by Authority administrators. In addition, the Executive Director received compensation in accordance with his employment contract and members of the Board of Commissioners (Board) are receiving compensation within allowable limits. The Board has adopted and implemented policies for credit card usage and travel costs to ensure that Authority funds are expended for legitimate Authority purposes and in accordance with Board directives.

## **Background and Methodology**

Housing authorities are public corporations created by special act of the New York State Legislature to generally provide affordable housing to citizens with lower incomes.<sup>2</sup> Funded primarily by United States Department of Housing and Urban Development (HUD) grants, most of the 141 active housing authorities around New York State (140 outside of New York City) manage both public housing units and a Section 8 housing vouchers program. Section 8 of the federal Housing Act of 1937 authorizes the payment of rental housing assistance to private landlords on behalf of low-income families, the elderly and the disabled through the Housing Choice Voucher Program.

The Authority is located in the City of Albany (City) and was created to address the housing needs for low- to moderate-income citizens of the City. The Authority's operating expenditures totaled \$47 million in 2014. These costs are funded primarily by HUD.

The Authority is governed by a seven-person Board consisting of five members appointed by the City's Mayor and two tenant members that are voted in by a group of their peers. The Board oversees the Executive Director and staff that carry out the daily duties and responsibilities of the Authority. The Authority's staff performs admissions, maintenance, property management, administrative and resident service duties.

The Authority's mission is to provide high quality, affordable and sustainable housing opportunities to low- and moderate-income citizens of the City. The Authority has 104 full-time employees and four part-time employees that provide the day-to-day operational support for 2,318 public housing households located throughout the City and over 2,200 Housing Choice Voucher Program participants living in private accommodations.

To complete our audit objective, we interviewed Authority officials, reviewed policies and performed testing on administrative expenditures. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). More information on the standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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<sup>2</sup> See New York State Public Housing Law, Article 13.

## **Audit Results**

The Board is responsible for the management of Authority funds, including providing appropriate direction and oversight to ensure that funds are expended for only legitimate purposes and in accordance with the Board's directives. Costs incurred by the Authority should be both necessary and reasonable for the day-to-day operation of the Authority and in support of fulfilling its mission. This includes expenditures related to, or on behalf of, administrators at the Authority as well as any compensation provided for services rendered.

Credit Card Expenditures – The Authority and its Board should implement policies and procedures to ensure that credit card use is appropriately restricted to authorized cardholders and used exclusively for allowable and reasonable Authority mission-related expenditures. Associated expenditures should be consistent with the Authority's procurement policy, require the cardholder to provide adequate documentation and review of expenditures and ensure appropriate supervisory authorization of charges prior to payment.

We found the Authority has adopted and implemented policies and procedures to adequately address these criteria. In our testing of all major credit card transactions paid during our audit scope period, transactions were restricted to authorized cardholders and appeared to be used for allowable and reasonable Authority business expenditures compliant with the procurement policy. In addition, the transactions were appropriately documented and reviewed by the cardholders and appropriately authorized by a supervisor prior to payment.

Travel Expenditures – Adequate controls over travel by Authority staff are required to ensure travel costs are reasonable and for a business purpose. The Authority's travel policy should establish reimbursable expenditures and delineate expenditure limitations. Further, the policy should confirm pre-approval requisites, list documentation requirements to support expenditure verification and reconciliation and provide for supervisory review prior to payment of travel-related expenditures.

We found the Authority has adopted and implemented travel policies and procedures to adequately address these criteria. In our testing of travel-related expenditures paid during our audit scope period for Authority executives and Board members, travel expenditures had requisite pre-approvals, appeared to have a business purpose, and were in compliance with established guidelines as to type, limitations and documentation. Further, all travel expenditures were appropriately reviewed prior to payment.

Executive Compensation – Authority employment contracts or agreements should manifest the best interest of taxpayers and compensation should be limited to what is specifically stated in those documents. Contracts or agreements with administrators should be approved by the Board and should establish total compensation including all benefits to be provided.

We found the Board has approved an employment agreement with the Executive Director, clearly establishing total compensation including all benefits and accommodations to be provided under the agreement. Our testing of earnings records, employee benefit disbursements, credit card charges, vendor payments and rent rolls did not identify any compensation that was not specifically provided for in the contract.

Board Member Compensation – The compensation of board members should conform to limitations imposed by State and federal law and regulations. Total compensation includes the value of all wages and benefits provided. The New York State Public Housing Law authorizes a board chairperson to receive a maximum of \$2,500 a year in per diem compensation while board members are allowed \$2,000. Federal agreements<sup>3</sup> also stipulate that any revenues associated with a federal housing project cannot be used for compensating board members.

We found that the Authority provided compensation in accordance with set standards to Board members throughout our audit scope period. Further, our audit testing of earnings records, employee benefit disbursements, credit card charges, vendor payments, Section 8 rental payments and rent rolls did not identify any additional compensation paid to Board members.

We thank the officials and staff of the Authority for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

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<sup>3</sup> Consolidated Annual Contributions Contract, Part A, Section 14; signed by HUD and the Authority

## **APPENDIX A**

### **RESPONSE FROM AUTHORITY OFFICIALS**

The Authority officials' response to this audit can be found on the following page.



# ALBANY HOUSING AUTHORITY

Steven T. Longo, Executive Director

April 6, 2016

Office of the State Comptroller  
State office Building, Room #1702  
44 Hawley Street  
Binghamton, New York 13901  
**Attention:** Ms. Ann Singer

Re: Report Number S9-15-73

To Whom It May Concern:

On behalf of the Albany Housing Authority (AHA), this letter is in response to the draft report of examination on Administrative cost for the period of July 1, 2012 through July 15, 2015. The Authority accepts the audit report as prepared with the following corrections needed:

- The number of full-time employees should be 104
- The number of part-time employees should be 4

AHA welcomes and recognizes opportunities for improving its day to day operation and views this audit report as an important tool to maintain a high level of accountability.

We appreciate the opportunity to work with the Office of the State Comptroller in an effort to improve the efficiency and effectiveness of our operations.

Sincerely,

ALBANY HOUSING AUTHORITY

Steven T. Longo  
Executive Director

Cc: Mr. Michael Whalen, Chairman

## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

We reviewed the Authority's administrative costs for the period July 1, 2012 through July 15, 2015. To achieve our audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed Authority officials and staff to gain an understanding of the Authority's policies and procedures associated with the authorization and payment of administrative expenditures.
- We obtained all Authority credit card statements for the audit scope period and determined whether all purchases were accompanied by appropriate supporting documentation and whether purchases, approvals and payments were in compliance with Authority policy and in accordance with the Authority's mission statement.
- We obtained all expenditure report documents for staff identified by our credit card testing as having incurred travel expenditures paid for by the Authority. We reviewed and summarized all staff travel and selected all five conferences for the Executive Director and 11 conferences for other staff (judgmentally based on job title and expenditure of the travel) for a total of 16 conferences used in audit testing. For the items selected, we determined whether the travel had been preauthorized and properly documented and whether the individual elements of the travel cost were in compliance with the Authority's travel policy.
- We obtained copies of employment contracts and Board resolutions relating to compensation and reconciled approved compensation to Authority payroll records.
- We judgmentally reviewed a sample of Authority disbursements related to health benefits by selecting a different month in each year for three years and reviewed the annual report on retirement benefits in each year of the scope period to determine whether expenditures were in compliance with regulations and Authority policy.
- We obtained the Authority's auto insurance policy and determined whether the listed vehicles were used directly in the performance of the Authority's mission.
- We selected a judgmental sample of 25 vendors from Authority records based on the likelihood that personal expenditures could be incurred on behalf of administrators at that vendor and judgmentally reviewed a sample of invoice charges based on dollar value and month incurred to determine whether the charges had a legitimate business purpose.
- We reviewed Authority disbursements to Section 8 lessors to determine whether any related to administrators or commissioners.
- We reviewed Authority rental logs to determine whether any rental units were being provided to administrators or commissioners on a subsidized basis.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.