A Tradition of Stewardship
A Commitment to Service

Napa County Housing Authority
Quarterly Monitoring
Internal Controls Review

For the period of July 1, 2025 to
September 30, 2025

Tracy A. Schulze
Auditor-Controller
Internal Audit Section
November 3, 2025

Table of Contents

Page

Executive Summary 1

Background and Authority 2

Objective and Scope 2

Procedures 3

Observations 4

Conclusion & Recommendations 5

Exhibit A – Accounts Receivable Schedule 6

Exhibit B – Prepaid Schedule 7

Internal Audit Team

Christine Hernandez - Deputy Auditor-Controller
Nicholas Kittredge - Grant Compliance & Internal Audit
Susan MacDonald - Internal Audit

A Tradition of Stewardship
A Commitment to Service

Auditor-Controller
1195 Third Street · Room B10
Napa, CA 94559

Main: (707) 253-4551
Fax: (707) 226-9065
www.countyofnapa.org

Tracy A. Schulze
Auditor-Controller

November 3, 2025

Napa County Housing Authority
Napa, CA

Executive Summary

The Internal Audit section of the Napa County Auditor-Controller's Office (Internal Audit) has completed its quarterly monitoring of the Napa County Housing Authority (Authority) for the quarter ended September 30, 2025.

Our review was conducted in accordance with the *Global Internal Audit Standards (Standards)* established by the Institute of Internal Auditors. These Standards require that internal auditors identify, analyze, evaluate, and document sufficient information and evidence to achieve their objectives, and that all engagements be performed with independence, objectivity, proficiency, and due professional care.

Based on our review, we conclude that the California Human Development Corporation (CHDC) was in compliance with the policies and procedures established by the Authority's Board of Directors for the quarter ended September 30, 2025, subject to the observations noted in this report.

This report is a matter of public record and is intended solely for the information and use of the Napa County Housing Commission's Commissioners, the Authority's Board of Directors, the Napa County Board of Supervisors, County Executive Officer, and CHDC management.

I'd like to thank CHDC, the Authority's staff, and the Internal Audit team for their professionalism, collaboration, and expertise throughout this engagement.

Sincerely,

Tracy A. Schulze
Auditor-Controller

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended September 30, 2025

Background and Authority

The Napa County Housing Authority (Authority) is a public housing authority established pursuant to California Health and Safety Code Section 34200 et seq. The Authority owns and oversees three farmworker housing centers (Centers) located in Napa County:

1) River Ranch - 1109 Silverado Trail, St. Helena
2) Calistoga Center - 3996 N. St. Helena Highway, Calistoga
3) Mondavi Center - 5585 Silverado Trail, Napa

The Authority's mission is to provide safe, affordable housing for farmworkers, particularly those in the migrant and seasonal workforce who support Napa County's agricultural industry.

Reconstituted in late 2015, the Napa County Housing Commission (NCHC) serves as an advisory body to both the Authority and the Napa County Board of Supervisors. Its responsibilities were expanded beyond oversight of the three Centers to include review of projects requesting County Affordable Housing Fund support.

The Authority contracts with the Community Housing Development Corporation (CHDC), a nonprofit organization, to manage the day-to-day operations of the Centers. CHDC assigns on-site staff, including Center Managers and a Fiscal Analyst, who are responsible for:

- Collecting lodger fees in accordance with the rates and policies approved by the Authority's Board of Directors (currently $18 per day);
- Maintaining complete lodger files, including a signed rental agreement, photo identification, and verification of agricultural employment;
- Managing petty cash funds not exceeding $250 and ensuring all cash receipts are promptly deposited;
- Preparing occupancy and rent reports; and
- Overseeing facility maintenance and repairs.

To promote accountability and compliance, the Napa County Auditor-Controller's Office conducts quarterly monitoring reviews of CHDC's adherence to the Authority's policies and procedures during fiscal year 2025-26.

Objective and Scope

The primary objective of this engagement was to evaluate the CHDC's compliance with the policies and procedures established by the Napa County Housing Authority's Board of Directors.

The scope of the review encompassed an examination of CHDC's operational and financial records, as well as relevant Authority oversight documentation, for the quarter ended September

30, 2025. The review focused on determining whether CHDC's management of the three farmworker housing centers was conducted in accordance with applicable Authority policies, contractual requirements, and internal control standards.

Procedures

To achieve our audit objective, our procedures included, but were not limited to, the following:

1. **Revenues**
    a. Reconciled lodger and staff rent revenues in the general ledger to CHDC's records

2. **Accounts Receivable**
    a. Reported accounts receivable for lodgers who had departed the farmworker center with rents due
    b. Reported accounts receivable for current lodgers with a rents due balance of $540 ($18 daily rate x 30 days) or more
    c. Reported recommended accounts receivable write-offs schedule by each center including lodger count (**Exhibit A**)

3. **Prepaids**
    a. Reported prepaid rents for lodgers who had departed the farmworker centers
    b. Reported prepaids for current lodgers with prepaid balances
    c. Reported recommended prepaid write-offs schedule by each center including lodger count (**Exhibit B**)

4. **Collections and Deposits**
    a. Selected a sample of all deposits for the quarter and traced back to Occupancy reports for accuracy and completeness
    b. Verified collection receipts are in numerical sequence
    c. Verified physical rent receipt numbers on sampled deposits are entered correctly on the Occupancy reports
    d. Verified bank deposits are processed timely when revenue exceeds $3,200
    e. Verified lodger rent agrees with number of room nights on receipt
    f. Verified receipts are accurate (i.e., signature, method of payment, lodger number or voided properly)
    g. Verified lodger rent was not paid in arrears (i.e., rents paid for prior periods of occupancy over two weeks)

5. **Donations**
    a. Verified reporting for all cash and non-cash donations

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended September 30, 2025

Observations

Collections & Deposits

Internal Audit selects and reviews a sample of deposits and rent receipts completed for each Center each quarter to help confirm compliance with established requirements. Internal Audit typically reviews no less than 20% of all transactions to ensure meaningful coverage and to identify opportunities for improvement. When discrepancies or incomplete documentation are identified, additional samples are selected to verify adherence to the criteria outlined in Section 4, Collections and Deposits.

For the quarter ended September 30, 2025, Internal Audit reviewed 29% of deposits for Calistoga, 35% for River Ranch, and 50% for Mondavi. During testing, a small number of transactions were noted where supporting documentation or clarity could be improved to fully demonstrate compliance with policy. These instances are summarized below for follow-up and clarification.

River Ranch

- **Receipts #022393–022395** were written and voided for Lodger #68 without a noted reason. A subsequent receipt (022398) was issued to Lodger #68. Documenting the reason for voided receipts would help maintain clear audit trails.
- **Receipt #022397** was recorded as a $90 refund for Lodger #70 who departed on August 9, 2025. However, the name printed on the receipt appears as that of Lodger #68 and we could not confirm that Lodger #70 received the refund. Clarifying refund documentation would help confirm that refunds are issued to the appropriate lodger.

Mondavi

- **Receipt #167954**, dated September 17, 2025, reflects a $234 refund to Lodger #24. The lodger's name was handwritten by the Center Manager, but supporting documentation confirming receipt of the refund could not be located.
- **Receipt #167816** was written for **$270**, but recorded on the deposit as **$278**, resulting in an $8 variance on the August 8, 2025 deposit.
- **Receipt #167897**, dated September 1, 2025, reflects a one-night charge for Lodger #07 at **$17**, rather than the updated **$18** daily rate effective July 1, 2025. The deposit of **September 10, 2025** included an additional $1 "true-up" related to Receipt #167897; however, a corresponding receipt for Lodger #07 could not be located.

Conclusion and Recommendations

The types of discrepancies identified this quarter are consistent with those noted in prior reviews. While none were material in nature, they do suggest opportunities to strengthen internal controls and reinforce documentation practices. Because cash transactions inherently carry higher risk, maintaining complete and clearly cross-referenced records between receipts and deposit documentation remains an important safeguard for both CHDC and the Authority.

Internal Audit recommends that Center staff, in coordination with CHDC management, review the Authority's current policies and procedures governing cash handling and receipts, as well as any related CHDC guidance, to ensure expectations are clear and uniformly applied across all Centers.

Recommended Solutions:

- To improve transparency around refunds, lodgers should be asked to initial the receipt in their own hand at the time of refund. Signatures from another lodger or the Center Manager are not sufficient to confirm payment.

- In cases where a refund is collected on behalf of another lodger, written authorization should be obtained and attached to the corresponding receipt for the record.

- Similarly, voided receipts should always include a brief written explanation, particularly when multiple receipts are issued for the same lodger or for similar amounts, to maintain clear audit trails and support accountability.

Going forward, Internal Audit will expand its sampling procedures to include a broader review of deposits and receipts each quarter, with a particular focus on refunds and voided transactions, to continue supporting consistent practices and accurate reporting.

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended September 30, 2025

Exhibit A

Accounts Receivable Schedule

Category	Amounts
Lodgers, departed for at least 18 months	
Total Recommneded A/R Write-Offs	**$ 1,120**
Lodgers, departed less than 18 months	1,953
Lodgers, current delinquent tenants with at least $540 balance due	1,692
Lodgers, current tenants with less than $540 balance due	5,363
Total Accounts Receivable	**$ 10,128**

Recommended Accounts Receivable Write-offs

(Lodgers, departed for at least 18 months)

Center	Lodger Count	Amounts
River Ranch	1	$ 16
Mondavi	3	704
Calistoga	2	400
Total Recommended A/R Write-offs	**6**	**$ 1,120**

Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended September 30, 2025

Exhibit B

Prepaid Schedule

Category	Amounts
Lodgers, departed for at least 18 months	
Total Recommended Prepaid Write-Offs	**$ 176**
Lodgers, departed less than 18 months	149
Lodgers, current tenants with prepaid balances	12,870
Total Prepaids	**$ 13,195**

Recommended Prepaid Write-offs

(Lodgers, departed for at least 18 months)

Center	Lodger Count	Amounts
River Ranch	2	$ 176
Mondavi	-	-
Calistoga	-	-
Total Recommended Prepaid Write-Offs	**2**	**$ 176**