



A Tradition of Stewardship
A Commitment to Service

Napa County Housing Authority Quarterly Internal Controls Review

For the period of January 1, 2026 to
March 31, 2026

Tracy A. Schulze
Auditor-Controller

Internal Audit Section

May 19, 2026

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May 19, 2026

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 (the "Authority") for the quarter ended March 31, 2026.

This review was conducted in accordance with professional auditing standards applicable to the public sector, which require that engagements be performed with integrity, objectivity, competence, due professional care, and confidentiality.

Based on our review, we conclude that, overall, 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 March 31, 2026, 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, Chief 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

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Auditor-Controller

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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) The River Ranch Farmworker Housing Center ("River Ranch Center"), located at 1109 Silverado Trail, St. Helena
- 2) The Calistoga Farmworker Housing Center ("Calistoga Center"), located at 3996 N. St Helena Highway, Calistoga
- 3) The Mondavi Farmworker Housing Center ("Mondavi Center"), located at 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.

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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 March 31, 2026. 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 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 departed from 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

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- 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

Observations

Collections & Deposits

Internal audit selects and reviews a sample of deposits and rent receipts completed for each center each quarter to 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 quarter ended March 31, 2026, Internal Audit reviewed 44% of deposits for Calistoga, 57% for River Ranch, and 47% for Mondavi. During testing, a small number of items were noted where supporting documentation or clarity could be improved to demonstrate compliance with the policy. These instances are summarized below for follow-up and clarification.

Calistoga Center

- **Receipt #168362, #168397, #168420** – Lodger room number on the cash receipt does not agree the room number listed on the Calistoga Center Rent Report.
- **Receipt #168465** – Lodger ID is omitted from the cash receipt.

River Ranch Center

- **Receipt #022821** – Lodger room number on the cash receipt does not agree the room number listed on the River Ranch Center Rent Report.
- **Receipt #022845** – Lodger ID number on the cash receipt does not agree the Lodger ID number listed on the River Ranch Center Rent Report.
- **Receipt #022848** – Total number of lodger bed nights is omitted from the cash receipt.
- **Receipt #022880** – Lodger name on the cash receipt does not agree to the Lodger name listed on the River Ranch Center Rent Report.

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Mondavi Center

- **Receipt #168158** – Lodger ID on the receipt does not agree to the Lodger ID listed on the rent report.
- **Receipt #168188, #168325** – Lodger room number on the cash receipt does not agree to the room number listed on the Mondavi Center rent report.
- **Receipt #168244, #168323** – Lodger room number is omitted from the cash receipt.
- **Receipt #168363** – Lodger room number and lodger name on the cash receipt do not agree to the Mondavi Center rent report.

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.

Since completing this review, Internal Audit understands that Authority staff are actively working to evaluate and strengthen the applicable policies and procedures to address the recommendations identified and further support consistent, accurate receipt issuance going forward. Internal Audit will collaborate with Authority staff in reviewing proposed policy and procedure updates to help ensure expectations are clearly defined, practical, and uniformly applied across all Centers.

Recommendation:

A secondary review of Lodger information listed on the receipt should be cross examined against Lodger Information within montly rent reports to ensure accurcay and completeness.

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Exhibit A

Accounts Receivable Schedule

Category	Amounts
Lodgers, departed for at least 18 months (Recommended for write-off)	\$ 1,420
Lodgers, departed less than 18 months	2,987
Lodgers, current delinquent tenants with at least \$540 balance due	2,574
Lodgers, current tenants with less than \$540 balance due	7,795
Total Accounts Receivable	\$ 14,776

**Recommended Accounts Receivable Write-offs
by Center**

(Lodgers, departed for at least 18 months)

Center	Lodger Count	Amounts
River Ranch Center	2	\$ 424
Mondavi Center	4	772
Calistoga Center	1	224
Total Recommended A/R Write-offs	7	\$ 1,420

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Exhibit B

Prepaid Schedule

Category	Amounts
Lodgers, departed for at least 18 months (Recommended Prepaid Write-Offs)	\$ 223
Lodgers, departed less than 18 months	952
Lodgers, current tenants with prepaid balances	17,244
Total Prepays	\$ 18,419

Recommended Prepaid Write-offs by Center

(Lodgers, departed for at least 18 months)

Center	Lodger Count	Amounts
River Ranch Center	2	\$ 176
Mondavi Center	1	47
Total Recommended Prepaid Write-Offs	4	\$ 223