

Napa County

Auditor-Controller

Internal Audit Report

Napa County Housing Authority
Quarterly Monitoring
Internal Controls Review

For the Quarter Ended June 30, 2024

Report Date: July 31, 2024



A Tradition of Stewardship
A Commitment to Service

Tracy A. Schulze, CPA
Auditor-Controller

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A Tradition of Stewardship
A Commitment to Service

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Tracy A. Schulze
Auditor-Controller

July 31, 2024

Napa County Housing Authority
Napa, CA

Executive Summary

The internal audit section of the Napa County Auditor-Controller's Office has completed a quarterly monitoring for Napa County Housing Authority (Authority) for the quarter ended June 30, 2024.

We conducted our review in conformance with the *Global Internal Audit Standards (Standards)* established by the Institute of Internal Auditors. These *Standards* require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our objectives; and that the internal audit activity be independent, objective, and perform engagements with proficiency and due professional care.

Based on our review, we believe 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 June 30, 2024, with exceptions noted in the following 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, Authority's Board of Directors, Napa County's Board of Supervisors, County Executive Officer, and CHDC's management.

I want to thank the internal audit team, CHDC and the Authority's staff for their expertise and professionalism in conducting this engagement.

Sincerely,

A handwritten signature in blue ink that reads "Tracy A. Schulze".

Tracy A. Schulze, CPA
Auditor-Controller

**Quarterly Monitoring
Napa County Housing Authority
For the Quarter Ended June 30, 2024**

Background and Authority

Napa County Housing Authority (Authority), a public housing authority established pursuant to California Health and Safety Code section 342000 et seq., is the owner of three farm worker housing centers (Centers) located in Napa County:

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

The Authority is focused primarily on addressing the need for safe and affordable housing for farm workers, particularly those in the migrant/seasonal category who, in turn, support the agricultural industry of Napa County.

The Napa County Housing Commission (NCHC), an advisory body to the Authority and Napa County's Board of Supervisors, was reconstituted in late 2015 to expand its focus from overseeing the three Centers to including reviews of any project requesting funding from the County's Affordable Housing Fund.

The Authority has an Agreement with California Human Development Corporation (CHDC), a nonprofit corporation, to manage the day-to-day activities at the Centers. CHDC has designated employees, who are the Centers' Managers and a Fiscal Analyst, to be responsible for collection of lodger fees in accordance with the rates and policies established by the Authority's Board of Directors. The current rate for lodgers is \$16 per day. The Contractor is required to maintain lodger files, which contain a rental agreement, lodger photo ID, and verification of employment in agriculture. The Centers' Managers can maintain petty cash funds not to exceed \$250. The Centers' Managers are responsible for making timely deposits for any cash collected from the lodgers. The Fiscal Analyst maintains occupancy reports and rent reports. The Contractor is also responsible for the upkeep and maintenance of the facilities.

The Authority has engaged Napa County Auditor-Controller's Office to perform a quarterly monitoring over CHDC's compliance with the Authority's policies and procedures during fiscal year 2023-24.

**Quarterly Monitoring
Napa County Housing Authority
For the Quarter Ended June 30, 2024**

Objective and Scope

The primary objective of this engagement was to determine if CHDC is complying with the policies and procedures established by the Authority's Board of Directors. The scope includes a review of CHDC's and Authority's records for the quarter ended June 30, 2024

Procedures

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

1. Revenues

- a. Reconciled general ledger lodger and staff rent revenues to CHDC's records

2. Accounts Receivable

- a. Reported accounts receivable for lodgers, departed over/under 18 months
- b. Reported accounts receivable for current delinquent lodgers over/under \$480 (\$16 daily rate x 30 days)
- c. Reported recommended accounts receivable write-offs schedule by each center including lodger count (Exhibit A)

3. Prepaids

- a. Reported prepaids for lodgers, departed over/under 18 months
- b. Reported prepaids for lodgers with current prepaid balances
- c. Reported recommended prepaid write-offs schedule by each center including lodger count (Exhibit B)

4. Deposits

- a. Verified receipts are in numeric sequence
- b. Verified physical rent receipt numbers are entered correctly on the Occupancy reports on a sampling basis

**Quarterly Monitoring
Napa County Housing Authority
For the Quarter Ended June 30, 2024**

Procedures (continued)

- c. Verified bank deposits are processed timely when revenue exceeds \$1,500
- d. Verified lodger rent agrees with number of bed days on receipt
- e. Verified receipts are accurate (i.e., signature, method of payment, lodger number or voided properly)
- f. Verified lodger rent was not paid in arrears

Exceptions:

- 1. The Cash Transfer Form for River Ranch deposit on 5/8/2024 included \$496 which should have tied to receipt # 020997. Physical receipt is missing.
Occupancy Report incorrectly lists the receipt number as 020977.
- 2. River Ranch Receipt # 021061 on 5/30/2024 was a refund of \$352. The receipt was completed incorrectly and not signed by the lodger. The lodger's signature is required to verify receipt of the money.

5. Donations

Verified donation letter or receipts for all donations received.

Conclusion

Based on our review, we believe that overall CHDC was in compliance with the policies and procedures established by the Authority's Board of Directors for the quarter ended June 30, 2024, with noted exceptions. The exceptions have been shared with CHDC for corrective action.

Internal Audit also conducted a year-end review of each farmworker center. The results are included here in Exhibit C.

**Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2024**

Exhibit A

Accounts Receivable Schedule	
Category	Amounts
Lodgers, departed for at least 18 months	
Total Recommended A/R Write-Offs	\$ 870
Lodgers, departed less than 18 months	1,120
Lodgers, current delinquent tenants with at least \$420 balance due	
Lodgers, current tenants with less than \$420 balance due	240
Total Accounts Receivable	<u>\$ 2,230</u>

Recommended Accounts Receivable Write-offs		
<i>(Lodgers, departed for at least 18 months)</i>		
Center	Lodger Count	Amounts
River Ranch	0	\$ -
Mondavi	2	870
Calistoga	0	-
Total Recommended A/R Write-offs	<u>2</u>	<u>\$ 870</u>

**Napa County Housing Authority
Quarterly Monitoring
For the Quarter Ended June 30, 2024**

Exhibit B

Prepaid Schedule	
Category	Amounts
Lodgers, departed for at least 18 months	
Total Recommended Prepaid Write-Offs	\$ 75
Lodgers, departed less than 18 months	319
Lodgers, current tenants with prepaid balances	64
Total Prepays	\$ 458

Recommended Prepaid Write-offs		
<i>(Lodgers, departed for at least 18 months)</i>		
Center	Lodger Count	Amounts
River Ranch	1	\$ 75
Mondavi	0	-
Calistoga	0	-
Total Recommended Prepaid Write-Offs	1	\$ 75

**Napa County Housing Authority
Farmworker Center Site Visit
For Year End June 30, 2024**

Exhibit C

Internal Audit completed the year-end review of CHDC's compliance with the policies and procedures at each of the Farmworker Centers as established by the Authority's Board of Directors (Authority) for the following:

1. Cash
 - a. Performed cash count for each centers' petty cash, reconciled against the receipts/log, and agreed totals to amount allowable per policy.
 - b. Performed cash count of change fund at each center.

Observations:

We found no exceptions. The site managers had the petty cash and change funds separated and secured.

Petty Cash counts and provided receipts balanced to fund allowance of \$250.

Change Fund counts balanced to fund allowance of \$100.

2. Lodger Eligibility
 - a. Verified lodger file list was complete and included information such as date in, date out, lodger number, room number, and signature on lodging agreement.
 - b. Reviewed proof of lodger's eligibility with either paystub or letter from agricultural employer.

Observations:

No exceptions noted. A sample of lodger files was selected for each location, and all were complete, including newly executed rental agreements with lodgers as of July 1, 2024 when the nightly rate increased from \$16 to \$17 per night. We found one missing departure (out) date, which the manager corrected during our review.

3. Capital Assets
 - a. Performed a physical count of the capital assets assigned to NCHA per the ACO Capital Asset Certification.

Observations:

Mondavi Center: Six items were identified that are not currently on the ACO's Capital Asset Certification.

**Napa County Housing Authority
Farmworker Center Site Visit
For Year End June 30, 2024**

Capital Assets (continued)

River Ranch: Two items were identified that are not on the ACO's Capital Asset Certification. These are older items that may have been fully depreciated.

Calistoga: One item was identified that is not on the ACO's Capital Asset Certification. Two tag numbers were noted to cross-reference the new serial numbers issued under the Tyler-Munis asset module.

Recommendation:

NCHA should review the Capital Asset Certification for each farmworker center, with the comments added by Internal Audit, and update the Auditor-Controller's office of needed deletions/additions to the Capital Asset listings at each center.

Internal Audit also recommends a review of the County's Capital Asset Policy; specifically the sections regarding the reporting and valuation of donated or granted assets, and the retirement of assets.

Conclusion

Based on this year's review, conducted on July 30, 2024, Internal Audit agrees that policies and procedures are being followed at each of the farmworker centers as established by the Authority.

Copies of the file reviews, cash counts, and capital asset listings will be shared with NCHA and CHDC, along with this report.